



Dave Hardy
Secretary of Revenue

Matthew Irby
State Tax Commissioner

STATE TAX DEPARTMENT

ADMINISTRATIVE NOTICE 2021-26

Notice of Determination of Average Wholesale Price of Motor Fuel for the Period of January 1, 2022 to December 31, 2022 for the Purposes of the West Virginia Motor Fuel Excise Tax.

This Administrative Notice sets forth the determination of the average wholesale price of conventional motor fuels and "alternative" motor fuels for the 2022 calendar year. The West Virginia Motor Fuel Excise Tax is composed of a flat rate equal to \$0.205 per invoiced gallon or, for alternative fuel, per each gasoline gallon equivalent, plus a variable component of 5 percent of the average wholesale price of each fuel.

Alternative fuel includes butane, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG or propane), and other specified fuels. For information regarding the determination of the gasoline gallon equivalent for alternative fuels, please see Administrative Notice 2015-25.

Notice is hereby issued, in accordance with Section 11-14C-5 of the West Virginia Code and based upon available information for the preceding review period, that the average wholesale prices of motor fuels for purposes of the Motor Fuel Excise Tax for the period beginning January 1, 2022 and ending December 31, 2022, inclusive, are as follows:

Table 1: Average Wholesale Prices for January 1, 2022 to December 31, 2022

Motor Fuel	Average Wholesale Price
Conventional Motor Fuels*	\$3.040 per gallon
Compressed Natural Gas (CNG)	\$6.903 per 1,000 cubic feet
Liquefied Natural Gas (LNG)	\$0.563 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$1.442 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a

* Conventional Motor Fuels include Gasoline, Diesel, Kerosene, etc. unless otherwise noted.

The calculations of average wholesale prices as shown above include data from the Oil Price Information Services (OPIS) for conventional motor fuels and liquefied petroleum gas (LPG or Propane) and the U.S. Energy Information Administration (EIA) for natural gas. All references to cubic feet (CF) are based on measurement at standard pressure and temperature of 14.73 pounds of pressure per square inch at 60° Fahrenheit.

Motor Fuel Excise Tax Rates: January 1, 2022 – December 31, 2022

Conventional Motor Fuels

For conventional motor fuels, including gasoline, diesel, kerosene, and related products, the **average wholesale price** shall be \$3.040 per gallon for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.152 per gallon (\$3.040 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on conventional motor fuels is \$0.205 per gallon resulting in a **combined tax rate of \$0.357 per gallon**. This average wholesale price per gallon (\$3.040), the variable component tax computed thereon (\$0.152 per gallon), and the flat rate component (\$0.205 per gallon) shall apply to all gallons of gasoline, diesel, kerosene, and related products sold, purchased, or used in this State during the period beginning January 1, 2022 and ending December 31, 2022, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$3.040 per gallon.

Compressed Natural Gas (CNG)

For compressed natural gas, the **average wholesale price** shall be \$6.903 per 1,000 cubic feet (CF) for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.345 per 1,000 cubic feet (\$6.903 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on compressed natural gas is \$1.618 per 1,000 cubic feet of compressed natural gas, determined as follows:

$$\frac{\$0.205 \text{ per gal. conv. fuel}}{126.67 \text{ CF of CNG GGE}} = \$0.001618378 \text{ GGE per CF} \times 1,000 \text{ CF} = \$1.618 \text{ per 1,000 CF CNG}$$

The **combined tax rate shall be \$1.963 per 1,000 cubic feet**. This average wholesale price per 1,000 cubic feet (\$6.903), the variable component tax computed thereon (\$0.345 per 1,000 cubic feet), and the flat rate component (\$1.618 per 1,000 cubic feet) shall apply to all units of compressed natural gas sold, purchased, or used in this State during the period beginning January 1, 2022 and ending December 31, 2022, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$6.903 per 1,000 per cubic feet. The tax rates for compressed natural gas specified in terms of the gasoline gallon equivalent (GGE) (126.67 cubic feet or 5.66 pounds) are shown in Table 2.

Liquefied Natural Gas (LNG)

For liquefied natural gas, the average wholesale price shall be \$6.903 per 1,000 cubic feet for the referenced period, inclusive. The **average wholesale price** of liquefied natural gas in terms of GGE LNG gallons shall be \$0.563 per gallon (\$6.903 per 1,000 CF ÷ 1,000 CF × 126.67 CF per 1.554 gallons). The **variable component** computed thereon shall be \$0.028 per gallon of LNG (\$0.563 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on liquefied natural gas is \$0.132 per gallon of liquefied natural gas, determined as follows:

$$\frac{\$0.205 \text{ per gallon conventional fuel}}{1.554 \text{ gallons of LNG GGE}} = \$0.132 \text{ per gallon of LNG}$$

The resulting **combined tax rate shall be \$0.160 per gallon**. This average wholesale price per gallon (\$0.563), the variable component tax computed thereon (\$0.028 per gallon), and the flat

rate component (\$0.132 per gallon) shall apply to all gallons of liquefied natural gas sold, purchased, or used in this State during the period beginning January 1, 2022 and ending December 31, 2022, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$0.563 per gallon.

Liquefied Petroleum Gas (LPG or Propane)

For liquefied petroleum gas (LPG or propane), the **average wholesale price** shall be \$1.442 per gallon for the referenced period, inclusive. The **variable component** computed thereon shall be \$0.072 per gallon equivalent (\$1.442 × 5%). The **flat rate component** of the Motor Fuel Excise Tax on liquefied petroleum gas is \$0.150 per gallon of liquefied petroleum gas, determined as follows:

$$\frac{\$0.205 \text{ per gallon conventional fuel}}{1.367 \text{ gallons of LPG GGE}} = \$0.150 \text{ per gallon of LPG}$$

The resulting **combined tax rate shall be \$0.222 per gallon**. This average wholesale price per gallon (\$1.442), the variable component tax computed thereon (\$0.072 per gallon), and the flat rate component (\$0.150 per gallon) shall apply to all gallons of liquefied petroleum gas sold, purchased, or used in this State during the period beginning January 1, 2022 and ending December 31, 2022, inclusive, regardless of whether the actual purchase price of such motor fuel is more or less than \$1.442 per gallon.

Field Gas

Effective June 9, 2016, sales of field gas were exempted from the variable and flat rate components of the Motor Fuel Excise Tax per West Virginia Code §11-14C-9a, et seq.

Definition of Common Terms

For the purposes of this notice:

“Field equipment” means generators, compressors, engines, micro turbines, turbines, or any other motor or apparatus used to power drilling rigs, well head equipment, gas processing units, compressors or compressor stations, fractionating plants, or any other equipment or apparatus used directly or indirectly in the production, gathering, transportation, or processing of natural gas or natural gas liquids or associated products.

“Field gas” means natural gas or any derivative thereof, extracted from a production well, gathering system, pipeline, main, or transmission line that is used as motor fuel to power field equipment. The term “field gas” does not include compressed natural gas, liquefied natural gas, liquefied petroleum gas, or conventional motor fuels, as listed in this notice.

“GGE” means gasoline gallon equivalent.

“Natural gas” means a mixture of hydrocarbons (e.g., methane, ethane, or propane), produced in geological formations beneath the Earth’s surface that maintains a gaseous state at standard atmospheric temperatures and pressure under ordinary conditions, composed of at least 70 percent methane by volume.

Table 2: Motor Fuel Excise Tax Rates for January 1, 2022 to December 31, 2022

Motor Fuel	Flat Rate Tax	Variable Rate Tax	Combined Rate
Conventional Motor Fuels*	\$0.205 per gallon	\$0.152 per gallon	\$0.357 per gallon
Compressed Natural Gas (CNG)	\$1.618 per 1,000 cubic feet	\$0.345 per 1,000 cubic feet	\$1.963 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.205 per 126.67 cubic feet	\$0.044 per 126.67 cubic feet	\$0.249 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.132 per gallon	\$0.028 per gallon	\$0.160 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.150 per gallon	\$0.072 per gallon	\$0.222 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a		

* Conventional Motor Fuels include Gasoline, Diesel, Kerosene, etc. unless otherwise noted.

Table 3: Comparison of Motor Fuel Excise Tax Rates 2021 and 2022

Motor Fuel	2021	2022
Conventional Motor Fuels*	\$0.357 per gallon	\$0.357 per gallon
Compressed Natural Gas (CNG)	\$1.842 per 1,000 cubic feet	\$1.963 per 1,000 cubic feet
Compressed Natural Gas (CNG) – GGE Measure	\$0.233 per 126.67 cubic feet	\$0.249 per 126.67 cubic feet
Liquefied Natural Gas (LNG)	\$0.150 per gallon	\$0.160 per gallon
Liquefied Petroleum Gas (LPG or Propane)	\$0.185 per gallon	\$0.222 per gallon
Field Gas	Exempt per W.Va. Code §11-14C-9a	

Notice of this determination will be filed in the West Virginia Register.

Issued: December 9th, 2021



 Matthew R. Irby
 State Tax Commissioner