

701—261.11(452A) L.P.G. sold to the state of Iowa, its political subdivisions, contract carriers under contract with public schools to transport pupils or regional transit systems.

261.11(1) *Exempt sales.*

a. If L.P.G. is sold to the state of Iowa, its agencies, a political subdivision of the state, or a regional transit system for public use, or a use specified in Iowa Code section 452A.57(11), and placed in storage, it may be sold tax-free.

b. Fuel sold by a dealer and delivered directly into the fuel supply tank of a motor vehicle must be sold tax-paid.

c. Since the L.P.G. delivered into storage is not subject to tax, the governmental unit or regional transit system need not be licensed as a special fuel user. However, if the L.P.G. is used by a governmental unit or regional transit system for other than “public purposes,” it must obtain a user’s license and pay the tax on all highway L.P.G. used from the storage.

261.11(2) *L.P.G. sold to a contract carrier under contract with public schools to transport pupils.*

a. When special fuel is sold directly to contract carriers who have a contract with a public school under Iowa Code section 285.5 for the transportation of pupils of an approved public or nonpublic school, the fuel shall be sold tax-paid.

b. If the contract carrier is licensed as an L.P.G. fuel dealer or user, the licensee may buy the fuel tax-free, but the tax must be remitted on the monthly dealer or user return.

c. Any contract carrier who has paid the tax is entitled to a refund.

(1) A refund requested by contract carriers will be reduced by the applicable sales tax, unless otherwise exempt.

(2) All contract carriers must apply to the department for a refund registration even if they currently hold a motor fuel tax license.

(3) 701—subrule 260.8(4) provides more information about this refund type.

This rule is intended to implement Iowa Code sections 452A.3 and 452A.17.

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