

News from Senator

# BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510-1601

FOR IMMEDIATE RELEASE  
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CONTACT: WALT RIKER, DALE TATE  
(202) 224-5358

DOLE CUTS TAXES, RED TAPE FOR ETHANOL BLENDEES -- IRS  
COMMISSIONER AGREES WITH KANSAS SENATOR, CHANGES RULES

WASHINGTON -- THE INTERNAL REVENUE SERVICE AGREED WITH KANSAS SENATOR BOB DOLE TODAY AND EXTENDED A RULE THAT WILL PREVENT ETHANOL BLENDEES FROM HAVING TO OVERPAY THEIR TAXES ON GASOLINE PURCHASES, FILE FOR REFUNDS AND THEN WAIT FOR A CHECK IN THE MAIL.

"WE HAVE JUST CUT A MILE OF RED TAPE OFF OUR ETHANOL BLENDEES. THE IRS HAS AGREED WITH ME THAT IT DOESN'T MAKE ANY SENSE TO OVERTAX SOME ENERGY PRODUCERS AND THEN MAKE THEM FILE TO GET TAX JUSTICE," DOLE SAID. "GASOHOL IS AN IMPORTANT AND PROMISING ENERGY SOURCE. IF WE ARE SERIOUS ABOUT BECOMING MORE ENERGY DEPENDENT WE NEED LESS RED TAPE. THIS IS GOOD, COMMON SENSE ACTION BY THE IRS."

IN A LETTER TO IRS COMMISSIONER LAWRENCE GIBBS, DOLE HAD ALSO ARGUED THAT WITHOUT THE NEW RULING THE TAX PROVISION "WOULD CAUSE A MAJOR DISRUPTION OF GASOHOL MARKETING IN THE UNITED STATES AND WOULD INFLICT SERIOUS DAMAGE, PARTICULARLY ON THE SMALLER ETHANOL MARKETERS".

THE ETHANOL TAX QUESTION WAS INITIALLY ADDRESSED IN THE 1986 TAX REFORM BILL AND LATER CLARIFIED BY THE IRS. HOWEVER, THE IRS TAX AND RED TAPE RELIEF WAS READY TO EXPIRE ON JANUARY 1, 1989 THUS EXPOSING ETHANOL BLENDEES TO A RETURN TO THE OLD OVERPAY-AND-FILE ROUTINE.

ETHANOL BLENDEES ARE EXEMPT FROM ALL BUT \$3.44 OF THE FEDERAL GASOLINE TAX.

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