

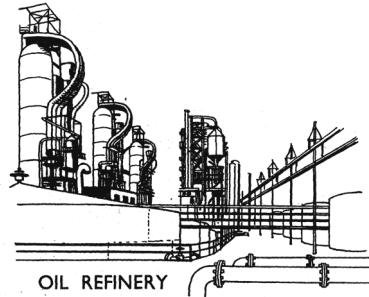
Imported Crude Oil



Domestic Crude Oil Production



Crude Storage Tanks



OIL REFINERY

New Mexico already has a variation of "tax at the rack" as categorized by the Federation of Tax Administrator's (FTA) Uniformity Committee, Motor Fuel Tax Section.

This graphic illustrates 3 taxpayer options per the FTA.

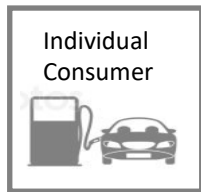


Diesel storage

Gasoline storage

Option C

"Tax at the Retail and/or Use Level": Taxable event occurs where motor fuel is placed into the supply tank of a motor vehicle

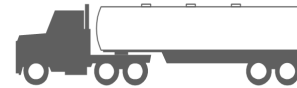


Individual Consumer



Retail Service Station

Channel 1



First Receiver (Distributor)



Wholesaler/Distributor

Channel 2



Marketing Terminal

Option A

"Tax at the Rack": Taxable event occurs at the terminal rack

"Tax at the Distributor/Wholesale Level: Taxable event occurs with the last distributor in the chain

Option B

NM currently taxes the first receiver, placing the legal incidence of the tax on the distributor, but the taxable event occurs "at the rack".