

State	LNG Conversion Factors Used for Taxation	CNG Conversion Factor Used for Taxation	Decal or Annual Fee	2014 Legislation	Use Proposed	Use NCWM	Use DGE
					NCWM DGE for Tax	GGE for Tax	for W&M (method of sale)
New Mexico	Per gallon adjusted for energy content (6.06 lbs. = a gallon of LNG as of 7/1/2014. LNG rate 20.6 cents)	~114 cubic feet = 1 gl. (5.66 lbs. or 126.67 cu. ft. = a gallon of NG as of 7/1/2014. CNG rate 13.3 cents)	Sticker (repeal effective 7/1/2014)	HB 30 enacted 3/7/2014	Yes	Yes	
New York	No tax until 9/1/2016	No tax until 9/1/2016					
North Carolina	6.06 lbs. = 1 DGE effective 1/1/2015	5.66 lbs. = gl.; 126.67 scf		SB 786 enacted 6/4/2014	Yes	Yes	
North Dakota	Per gallon	120 cubic feet = 1 gl.					
Ohio	DGE = 6.06 lbs LNG (effective 1/1/2014)	No tax		5.66 lbs. or 126.67 cubic feet for CNG (HB 336); another bill says CNG taxed per gallon equivalent (HB 335)	Yes		
Oklahoma	DGE = 6.06 lbs. LNG (effective 1/1/2014) - rate also drops to \$0.05	126.67 cubic feet = 1 GGE	Sticker	SCR 42 adopted - supports sale of NG in gallon equivalent units	Yes		

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Oregon	decal	decal		HB 4131 enacted 3/3/2014 - extends decal to LNG			
Pennsylvania	DGE = 6.06 lb. LNG (effective 1/1/2015)	114,500 Btu = GGE; 126.67 cubic feet = 1 GGE as of 12/15/2012; also use 5.66 lbs. = 1 GGE			Yes	Yes	
Rhode Island		No excise tax but 7% sales tax					
South Carolina	Per gallon	126.67 cu. ft.		DGE for LNG, GGE for CNG (HB 4957); also addresses method of sale			
South Dakota	1.5536 g/s. Effective July 1, 2014	126.676 cu. ft. Effective July 1, 2014		SB 93 enacted 3/10/2014			
Tennessee	6.06 lbs. = DGE	5.66 lbs. = GGE	Permits required	HB 1516 DGE for LNG	Yes	Yes	

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Texas	1 GGE = 5.37 lbs or 1 DGE = 6.06 lbs. LNG to pay p/GGE or DGE depending on how dispensed (effective Sept. 1, 2013)	5.66 lbs. = 1 GGE or DGE = 6.38 lbs. CNG pays 15 cents p/GGE or DGE depending on how dispensed (effective Sept. 1, 2013)	Sticker		Yes	Yes	
Utah	per GGE; currently no definition of DGE, likely would use approx. 1.53 gls.	120 cubic feet = GGE		5.66 lbs. for CNG (HB 266, 240)			
Vermont	NA - 6% sales tax as of 7/1/2013	NA - 6% sales tax as of 7/1/2013	Higher registration fee				
Virginia (surcharge of 12.6 cents gas, and 3.5 cents diesel added)	GGE = 1.5362 LNG gls.; sales tax replaces excise tax as of 7/1/2013	GGE = 126.67 cu. Feet; sales tax replaces excise tax as of 7/1/2013		SB 505 addresses method of sale			
Washington	Decal based on flat rate x fuel tax then divided by .12	Decal based on flat rate x fuel tax then divided by .12	decal	SB 6440 enacted 4/3/2014 - calls for study on excise tax treatment of NG			

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West Virginia	GGE of LNG 1.554 gallons	GGE = 5.66 lbs. (effective Jan. 1, 2014)				Yes	
Wisconsin	Rate tied to gasoline Btu content; rate shown is per gallon	Rates tied to gasoline Btu content; rate shown is per therm					
Wyoming	6.06 lbs. = 1 DGE	5.66 lbs. or 126.67 cu. ft. = 1 GGE		HB 69 enacted 3/10/2014	Yes	Yes	
Totals					20	19	5

1/1/2015

## APPENDIX E<sup>67</sup>

### Louisiana Natural Gas Motor Fuels Tax

March 5, 2015

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#### Current Status:

- Louisiana taxes natural gas vehicles (NGVs) by assessing a yearly fee.
- For vehicles of 10,000 lbs. and under the fee is set at \$150.
- For vehicles over 10,000 lbs. the fee is based on the following calculation: Total number of miles driven / average miles per gallon X the rate of tax = the fee. However, the fee cannot be less than \$150.

#### The Problem:

- Out of state NGV owners do not pay any fuel tax in Louisiana since there is no mechanism for collecting taxes at the pump.
- The decal system creates an unnecessary administrative burden.
- Current laws and regulations do not provide the appropriate definitions in order to collect natural gas motor fuel taxes at the pump.
  - Compressed natural gas (CNG) is not a liquid and therefore cannot be taxed by the gallon. Instead CNG is taxed and sold by a unit called a gasoline gallon equivalent (GGE)
    - A GGE is an amount of CNG that has the same energy content as a gallon of gasoline.
    - A GGE is defined by the U.S. Department of Revenue as 5.660 lbs. of compressed natural gas.
  - Liquefied natural gas (LNG) is taxed and sold by the diesel gallon equivalent (DGE)

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<sup>67</sup> Clean Energy proposal submitted to task force members on March 4, 2015. An updated version of this proposal was submitted by Brett Barry, Public Policy and Regulatory Advisor, Clean Energy on Friday, March 6, 2015 and provided to task force members on March 10, 2015.

- A DGE is an amount of LNG that has the same amount of energy as a gallon of diesel.
- While LNG is by definition a liquid it is not taxed nor sold by a gallon for the following reasons:
  - LNG is a cryogenic fuel which is cooled to -260 degrees. Any variation in temperature will greatly affect its volume and therefore a gallon measurement can be easily manipulated.
  - LNG has only about 60 percent of the energy of diesel fuel per gallon. Therefore, taxing LNG by the gallon would result in a LNG truck paying almost twice the amount of fuel tax as a diesel truck traveling the same route.

### New Tax Policy

- Tax all natural gas motor fuels, including sales to out of state vehicles, at the pump.
  - Tax LNG at the pump by the DGE
    - A DGE is defined as 6.06 lbs. of LNG
    - A DGE is utilized by 22 states as the unit of tax for LNG
  - Tax CNG at the pump by the GGE
    - A GGE is defined as 5.660 lbs. of CNG
    - A GGE is utilized by most states and the federal government as the unit of tax for CNG

### Summary of Proposal

1. Captures revenue from out of state NGVs
2. Simplifies the collection of taxes for both the consumer and the government