



JULIE P. MAGEE
Commissioner

State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

June 20, 2014

MICHAEL E. MASON
Assistant Commissioner

JOE W. GARRETT, JR.
Deputy Commissioner

CURTIS E. STEWART
Deputy Commissioner

MEMORANDUM

TO: IFTA, Inc., Member Jurisdictions, and Licensees

FROM: Tyies Fleeting, Motor Carrier Services Unit *JPF*
Motor Vehicle Division

SUBJECT: Tax Rate Change for Liquefied and Compressed Natural Gas

During the regular session of the 2014 legislature, Act 2014-408 (attached) was signed into law by Governor Bentley. The Act provides that effective April 9, 2014, the collection of motor fuel taxes on Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) is suspended until October 1, 2016. The effective date of this act results in a split tax rate for the second quarter 2014.

If you have any questions regarding this matter, please contact the Motor Carrier Services unit at: mcs@revenue.alabama.gov or (334) 242-2999.

1 HB552
2 159095-3
3 By Representative Wren
4 RFD: Transportation, Utilities and Infrastructure
5 First Read: 26-FEB-14



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ENROLLED, An Act,

To suspend the requirement that each person owning or operating, or both, a motor vehicle that uses natural gas shall obtain an annual decal from the Liquefied Petroleum Gas Board which shall serve as an identification marker that the flat fee has been paid, and to provide that the suspension shall end on October 1, 2016.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) The Legislature of Alabama makes the following findings and statements:

(1) The reduction of the dependence on foreign oil is necessary to reserve and protect our national security.

(2) Reliable and affordable energy is of great importance to all sectors of Alabama's economy.

(3) Long-term sustainability of energy supply and efficient and effective distribution of energy is becoming increasingly important to Alabama's population growth and economic expansion.

(4) The future energy needs of the state also present opportunities to diversify the state's energy supply and provide new opportunities for Alabama-based clean energy technologies.

(5) The use of existing technology and development of new technologies including compressed and liquefied natural

1 gas should be encouraged as a way of producing energy with
2 reduced emissions.

3 (b) The Legislature recognizes that it is in the
4 best interest of its citizens to remove existing barriers to
5 implementing natural gas distribution for motor vehicles until
6 such time as a comprehensive approach is established for
7 regulating and taxing natural gas for motor vehicles. This
8 includes temporarily eliminating the decals and associated
9 fees that are currently required of owners or operators of
10 motor vehicles using compressed and liquefied natural gas, as
11 well as temporarily suspending any motor fuel excise taxes due
12 on compressed or liquefied natural gas used as fuel for
13 vehicles.

14 Section 2. (a) The requirement to obtain a decal
15 from the Liquefied Petroleum Gas Board, as well as the
16 requirement to collect the motor fuel tax as prescribed in
17 Article 3A of Chapter 17 of Title 40, relating to motor
18 vehicles using compressed and liquefied natural gas as fuel,
19 are hereby suspended from the effective date of this act until
20 October 1, 2016.

21 (b) In the event that no comprehensive approach for
22 regulating and taxing natural gas used as fuel for motor
23 vehicles has been established by October 1, 2016, beginning on
24 that date each 5.66 pounds of compressed natural gas that is
25 taxable as motor fuel shall be taxed as one gallon of

1 gasoline, and each 6.06 pounds of liquefied natural gas that
2 is taxable as motor fuel shall be taxed as one gallon of
3 diesel fuel. Provided, however, that if the National
4 Conference for Weights and Measures establishes standards for
5 converting compressed natural gas to a gallon of gasoline and
6 for converting liquefied natural gas to a gallon of diesel
7 fuel, such standard conversions shall be used.

8 (c) Compressed natural gas and liquefied natural gas
9 may be sold in gallon equivalents as established in subsection
10 (b) until October 1, 2016. In the event that no comprehensive
11 approach for regulating and taxing natural gas used as fuel
12 for motor vehicles has been established at that time,
13 compressed natural gas and liquefied natural gas shall be sold
14 in gallon equivalents as established in subsection (b).

15 (d) This act shall not apply to remainder of Article
16 3A of Chapter 17 of Title 40.

17 Section 3. This act shall become effective
18 immediately following its passage and approval by the
19 Governor, or its otherwise becoming law.

SPONSORS

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DATE: 2-26 2014
 RD 1 RFD TU+I

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on TU+I was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) w/sub this 5th day of March, 2014.
Lynne Bell, Chairperson

DATE: 3-5 2014
 RF _____ RD 2 CAL _____

DATE: _____ 20____
 RE-REFERRED RE-COMMITTED
 Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 552.
 YEARS 0 NAYS 0
 JEFF WOODARD,
 Clerk

FURTHER HOUSE ACTION (OVER)

DATE: 3-18 2014
 RD 1 RFD E+NR

This Bill was referred to the Standing Committee of the Senate on E+NR and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) _____ w/sub _____ w/eng sub _____ by a vote of 4 yeas 0 abstain 0 this 20th day of March, 2014.
Tom Ward, Chairperson

DATE: 3-20 2014
 RF FAV RD 2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 552.
 YEARS 29 NAYS 0
 PATRICK HARRIS,
 Secretary

DATE: 4-3-14 RD 3 at length
 PASSED PASSED AS AMENDED

YEAS 29 NAYS 0
 And was ordered returned forthwith to the House.
 PATRICK HARRIS,
 Secretary

DATE: _____ 20____
 INDEFINITELY POSTPONED YEARS _____ NAYS _____

DATE: _____ 20____
 RECONSIDERED _____ YEARS _____ NAYS _____

FURTHER SENATE ACTION (OVER)