MEMORANDUM

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

FROM: Tyies Fleetling, Motor Carrier Services Unit SPF
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.
HB552

159095-3

By Representative Wren

RFD: Transportation, Utilities and Infrastructure

First Read: 26-FEB-14
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
gas should be encouraged as a way of producing energy with reduced emissions.

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

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

(b) In the event that no comprehensive approach for regulating and taxing natural gas used as fuel for motor vehicles has been established by October 1, 2016, beginning on that date each 5.66 pounds of compressed natural gas that is taxable as motor fuel shall be taxed as one gallon of
gasoline, and each 6.06 pounds of liquefied natural gas that
is taxable as motor fuel shall be taxed as one gallon of
diesel fuel. Provided, however, that if the National
Conference for Weights and Measures establishes standards for
converting compressed natural gas to a gallon of gasoline and
for converting liquefied natural gas to a gallon of diesel
fuel, such standard conversions shall be used.

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

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

Section 3. This act shall become effective
immediately following its passage and approval by the
Governor, or its otherwise becoming law.
Speaker of the House of Representatives

Kay Ivey

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 18-MAR-14.

Jeff Woodard
Clerk

Senate 03-APR-14 Passed

APPROVED April 9, 2014
TIME 1:25 p.m.

Robert Bentley
GOVERNOR

Alabama Secretary Of State
Act Num.: 2014-408
Bill Num.: H-552
Rec'd 04/09/14 04:17pmSLF

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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.

Chairperson

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.

YEAS 29  NAYS 0

PATRICK HARRIS, Secretary

And was ordered returned forthwith to the House.

JEFF WOODARD, Clerk