



SENATE BILL 448: Equalize Tax on Propane Used as a Motor Fuel

2015-2016 General Assembly

Committee:
Introduced by:
Analysis of: S.L. 2015-224

Date:
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SUMMARY: *S.L. 2015-224 amends the motor fuels tax applicable to liquefied propane gas used as a motor fuel by specifying that the per gallon motor fuel tax rate is applied to the gas gallon equivalent of liquefied propane gas. The gas gallon equivalent is 5.75 pounds of liquefied propane gas.*

This act becomes effective January 1, 2016.

CURRENT LAW: Current law establishes motor fuel tax rates for alternative fuels used to operate a motor vehicle. Alternative fuels are taxed at the motor fuel rate. Unless otherwise provided, the Secretary will determine the equivalent rate for alternative fuels. The gas gallon equivalent (GGE) or diesel gas equivalent (DGE) is the amount of an alternative fuel that is needed to generate the same amount of energy of either a gallon of gas or a gallon of diesel. Under current law:

- The motor fuels tax on liquefied natural gas used as a motor fuel is imposed on each DGE of liquefied natural gas. The DGE of liquefied natural gas is established by statute as 6.06 pounds of liquefied natural gas.
- The motor fuels tax on compressed natural gas used as a motor fuel is imposed on each GGE of compressed natural gas. The GGE of compressed natural gas is established by statute as 5.66 pounds of compressed natural gas.
- The motor fuels tax on liquefied propane gas used as a motor fuel is currently imposed on a gallon, by volume, of liquefied propane gas. A gallon of liquefied propane, at 70°F, weighs 4.2 lbs. A gallon of liquefied propane gas has 73% of the energy of a gallon of gasoline.

ANALYSIS: S.L. 2015-224 amends the motor fuels tax rate applicable to liquefied propane gas used as a motor fuel by specifying that motor fuel tax rate is applied to the gas gallon equivalent of liquefied propane gas. The GGE of liquefied propane gas is established by statute at 5.75 pounds of liquefied propane gas.

EFFECTIVE DATE: S.L. 2015-224 becomes effective January 1, 2016.

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Director



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