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SENATE CLIP SHEET

FEBRUARY 18, 2014

SENATE FILE 2160

S-5004

Amend Senate File 2160 as follows:

1. Page 1, line 11, before <154F> by inserting <chapter>

2. By renumbering as necessary.

By MARY JO WILHELM

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Fiscal Note

Fiscal Services Division

SF 2101 – Compressed Natural Gas Taxation (LSB 5791SS)
Analyst: Adam Broich (Phone: (515) 281-8223) (adam.broich@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 2101 revises the calculation that determines excise tax on compressed natural gas (CNG) used as special fuel. The calculation is amended to make CNG excise tax equivalent to the motor fuel tax by establishing a gallon equivalent. This Bill also creates a new calculation to determine liquefied natural gas (LNG) use as special fuel. The rates are set as follows:

- **Compressed Natural Gas**: A gasoline gallon equivalent of CNG is 5.66 pounds or 126.67 cubic feet measured at 60 degrees Fahrenheit. This gallon equivalent of CNG is taxed at 21 cents.
- **Liquefied Natural Gas**: A diesel gallon equivalent of LNG is 6.06 pounds, and is taxed at 22.5 cents.

Background

Compressed and liquified natural gas are currently tax using gallon equivalents. A gasoline gallon equivalent of CNG is 100 cubic feet at a temperature of 60 degrees Fahrenheit.

The Department of Revenue reports that $52,700 in tax was collected for CNG using the current gallon equivalents.

Assumptions

Consumption of CNG in Iowa has increased from 63,000 gallon equivalents in FY 2012 to 329,000 gallon equivalents in FY 2013. Taxes collected were $10,100 and $52,600 respectively. This fiscal note compares the current CNG equivalency formula to the formula proposed in SF 2101. This fiscal note does not project further change in CNG consumption.

Fiscal Impact

The revision of the CNG excise tax formula will have a minimal fiscal impact on the Road Use Tax Fund. If applied to FY 2013 gallon equivalents, the proposed formula will increase revenue by $1,900. In FY 2013 no tax was collected for LNG.

Sources

Department of Transportation
Department of Revenue

/s/ Holly M. Lyons

February 17, 2014

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.