

November 7, 2014



The Honorable Ron Wyden
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member, Committee on Finance
United States Senate
Washington, DC 20510



The Honorable Dave Camp
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

The Honorable Sander M. Levin
Ranking Member, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515



Dear Chairmen Wyden and Camp and Ranking Members Hatch and Levin,

We, the undersigned, understand that the United States Senate Finance Committee and the United States House of Representatives' Ways and Means Committee may soon initiate efforts to extend expired and expiring tax incentives. The Congress has long recognized the importance of fuel diversity in the American economy, and we thank you for your past support for natural gas as a transportation fuel. Increased use of natural gas vehicles helps address several public policy goals simultaneously – including increasing U.S. jobs and reducing greenhouse gases, urban pollution, and dependence on imported oil. We would like to bring our interests and concerns to your attention as you begin your deliberations.

Alternative Fuel Tax Credit Extensions

We support the retroactive reinstatement and extension of the expired Alternative Fuel Excise Tax Credit (26 USC §§ 6426 and 6427) and the Alternative Fuel Vehicle Refueling property credit (26 USC § 30C). These alternative fuel and infrastructure credits incentivize individuals and businesses to increase use of natural gas as an alternative transportation fuel. These provisions are currently proposed for retroactive reinstatement and extension in the S. 2260 and H.R. 5559.

LNG-Diesel Excise Tax Fix

We also support efforts that correct the highway excise tax treatment of LNG. LNG competes with diesel fuel as a transportation fuel for use in heavy duty vehicles. The federal highway excise tax on both diesel and LNG is set at 24.3 cents *per gallon*. However, because LNG has less energy *per gallon* than diesel fuel, on an energy equivalent basis LNG effectively pays 170 percent of the diesel rate. The current highway excise tax treatment of LNG is a disincentive to investment in new LNG trucks and fueling stations, and should be corrected to encourage capital investments.

We request that the highway excise tax on LNG be changed so that it is imposed on the *energy content* of a diesel gallon (known as a diesel gallon equivalent), as proposed in S. 1103, bipartisan legislation introduced by Senators Michael Bennet (D-CO) and Richard Burr (R-NC), a version of which was included in the Senate-passed Highway bill, H.R. 5021, The Preserving America's Transit and Highways Act, and H.R. 2202, bipartisan legislation introduced by Congressmen Mac Thornberry (R-TX) and John Larson (D-CT).



Alternative Fuel Tax Credit Fix¹

Finally, similar to the LNG excise tax, we encourage you to alter the value of the Alternative Fuel Excise Tax Credit (26 USC §§ 6426 and 6427) for LNG so that the credit is based on the *energy content* of a diesel gallon and not on a per gallon basis. Correcting both the LNG excise tax treatment and the excise tax credit treatment at the same time creates policy consistency and would restore the competitive balance between LNG, CNG and diesel as transportation fuels. Furthermore, according to a Joint Committee on Taxation review, making these two changes simultaneously would raise \$9 million in new revenue.

We appreciate your consideration of our request.

cc: Members of the Senate Finance Committee
Members of the House Ways and Means Committee

Sincerely,

Trade Associations:

- American Gas Association
- American Public Gas Association
- American Trucking Associations
- National Association of Truck Stop Operators
- National Waste and Recycling Association
- NGVAmerica
- Truck Renting and Leasing Association

Coalitions, Companies and Organizations:

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|-------------------------------------|----------------------|
| Agility Fuel Systems | Mack Trucks |
| AGL Resources | Noble Energy |
| ANGI Energy Systems, LLC | Ryder |
| Blu. LNG | Sempra Energy |
| Center Point Energy | Shell Oil Co. |
| Chart Industries | Tenaska |
| Clean Energy Fuels | Titeflex |
| Coalition for Renewable Natural Gas | Trillium |
| Cummins Westport | UPS |
| Encana | Volvo Trucks |
| Gladstein, Neandross & Associates | Waste Management |
| Linde | Westport Innovations |
| Luxfer Gas Cylinders | |

¹ Attachment (Joint Committee on Taxation Memorandum dated April 2, 2014)