



Natural Gas Vehicles for America

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MEDIA RELEASE

Advocating the increasing use of NGVs where they benefit most.
For the economy. For the environment. For health. For security. **For America.**

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Senate Introduces the “LNG Excise Tax Equalization Act of 2013”

WASHINGTON, D.C. – Yesterday, the U.S. Congress took an important step in advancing the use of clean, domestic natural gas in heavy-duty applications by introducing bipartisan legislation to equitably tax liquefied natural gas (LNG) as a transportation fuel. Senators Michael Bennet (D-CO) and Richard Burr (R-NC) introduced the legislation, titled the “LNG Excise Tax Equalization Act of 2013” (S.1103).

The bill makes a simple but important modification in the way LNG is taxed as a transportation fuel. Currently, the federal highway excise tax on both diesel and LNG is set at 24.3 cents per gallon (Internal Revenue Code 4041). However, it takes about 1.7 gallons of LNG to equal the energy content of one gallon of diesel. The result is the taxation of LNG at a rate 70 percent higher than diesel on an energy equivalent basis. This legislation changes the way LNG is taxed—from a volume (gallon) to an energy content (diesel gallon equivalent) basis.

LNG is an attractive fuel for large trucks and other heavy-duty applications that use a large amount of fuel per year. This makes the current LNG tax penalty a significant barrier to wider LNG use in these applications. For example, consider that a diesel truck traveling 100,000 miles per year at 5 miles per gallon would consume 20,000 gallons of diesel fuel. An identical LNG truck would require 34,000 gallons of LNG to travel the same distance. While the LNG truck uses a cleaner form of fuel, it would pay an additional \$3,402 per year in taxes for using LNG.

“We commend Senators Bennet and Burr for this common-sense measure,” said NGV America President Richard Kolodziej. “Removing this tax penalty will accelerate the use of LNG in our nation’s trucking fleet and help reduce America’s reliance on foreign oil.”

Two weeks ago, Representatives Mac Thornberry (R-TX) and John Larson (D-CT) introduced similar legislation, H.R. 2202, in the U.S. House of Representatives. Since then, Representatives Jim Matheson (D-UT), Leonard Lance (R-NJ) and Lee Terry (R-NE) has co-sponsored the bill.

This effort by Congress also is being mirrored by efforts in a number of states. Already this year, legislatures in six states have passed bills that adjust their state tax on LNG so that it is based on an energy equivalent basis. “An increasing number of states have recognized that an LNG tax penalty is unfair and counterproductive, and we are pleased to see the Congress moving in the same direction,” added Kolodziej.

About NGVAmerica

NGVAmerica is a national organization dedicated to the development of a growing, profitable, and sustainable market for vehicles powered by natural gas or biomethane. NGVAmerica represents more than 200 companies, environmental groups, and government organizations interested in the promotion and use of natural gas and biomethane as transportation fuels. Our member companies are those that produce, distribute, and market natural gas and biomethane across the country; manufacture and service natural gas vehicles, engines, and equipment; and operate fleets powered by clean-burning gaseous fuels. For more information about NGVAmerica, visit www.ngvamerica.org.