



Natural Gas Vehicles for America

400 North Capitol Street, N.W.  
Washington, D.C. 20001  
ngvamerica.org

Contact: **Richard R. Kolodziej**  
President

rkolodziej@ngvamerica.org  
202.824.7366 office  
202.824.7087 fax

## MEDIA RELEASE

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

### **Congress Introduces the “LNG Excise Tax Equalization Act of 2013”**

Washington, D.C. — May 24, 2013 — Yesterday, the U.S. Congress took an important step in advancing the use of clean, domestic natural gas by introducing bipartisan legislation to equitably tax liquefied natural gas (LNG) as a transportation fuel. Representatives Mac Thornberry (R-TX) and John Larson (D-CT) have introduced the “LNG Excise Tax Equalization Act of 2013” (H.R. 2202) in the U.S. House of Representatives. Senators Michael Bennet (D-CO) and Richard Burr (R-NC) will introduce a similar bill to the Senate when it returns from recess.

H.R. 2202 makes a simple but important modification in the way LNG is taxed as a transportation fuel. The federal highway excise tax on both diesel and LNG is set at 24.3 cents per gallon (IRC 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. The legislation changes the way LNG is taxed—from a volume (gallon) to an energy content (diesel gallon equivalent) basis.

To better understand the problem with the current excise tax, consider a diesel truck traveling 100,000 miles per year at 5 miles per gallon consumes 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.

“This bill provides a fair, market centered solution to fix the tax disparity between diesel and LNG,” said Rep. Thornberry. “I think this change will encourage more private sector investment in LNG infrastructure and production, and that will be a real positive effect on our economy.”

NGVAmerica applauds the step Congress has taken to remove one of the significant barriers to the greater use of domestic natural gas as a transportation fuel. “We commend Reps. Mac Thornberry (R-TX) and John Larson (D-CT) for this common-sense measure that will help reduce reliance on foreign oil and accelerate the switch to domestic natural gas,” said NGVAmerica President Richard Kolodziej.

This effort by Congress is being matched by efforts in a number of states. Already this year legislatures in six states have passed bills that adjust the tax on LNG so that it is based on an energy equivalent basis. “The state leadership on this issue has really helped, 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](http://www.ngvamerica.org).