

REVENUE: Minimal revenue impact, no statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass the A-Engrossed Measure
Vote: 6 - 0 - 0
Yeas: Edwards, Girod, Monroe, Starr, Thomsen, Beyer
Nays: 0
Exc.: 0
Prepared By: Patrick Brennan, Administrator
Meeting Dates: 2/18

WHAT THE MEASURE DOES: Allows a person who uses natural gas or propane as fuel in a motor vehicle to pay an annual special use license fee in lieu of a per-gallon tax. Takes effect July 1, 2015.

ISSUES DISCUSSED:

- Existing infrastructure
- Benefits of propane and natural gas as motor vehicle fuel
- Simplifies tax collection

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under current law, motor vehicle users pay taxes on the fuel they use in their vehicle, whether it is gasoline, diesel, propane, compressed natural gas, or biodiesel fuel. The tax is paid at the pump when the fuel is purchased. Motor fuels are taxed at a rate of 30 cents per gallon. The same is true for vehicles that run on propane or compressed natural gasoline (CNG). However, because these fuels are dispensed in gaseous form, it is necessary to convert the amount of propane and CNG to a figure that is equal to a gallon of liquid fuel. For propane, this is calculated by dividing taxable gallons by 1.3; for CNG, it is calculated by dividing taxable gallons by 1.2. All commercial fueling stations are set up to collect motor fuel taxes. However, not all commercial fueling stations that carry propane or CNG for non-roadway use also sell those fuels for use in vehicles due to the complexity of calculating and collecting the converted use-fuel tax. As a result, fueling options are limited for owners of vehicles that use propane or CNG.

House Bill 4131-A allows an owner of a vehicle that utilizes propane or CNG to annually purchase a decal in lieu of paying the use fuel tax at the pump. The fee for the decal is based primarily on the weight of the vehicle. Persons with such a decal would be able to fuel their vehicle at any commercial fueling station that dispenses propane and/or CNG. The measure creates a program similar to those that have existed in California, Washington and Idaho since the 1970s.