

## CNG AND LNG FUEL TAX UPDATES

### Prior Law

---

The definitions section of the Code chapter on motor fuel and special fuel excise taxes did not define “gallon.”

Many of the Code sections in chapter 452A involving the taxation of special fuels only mentioned “compressed natural gas” (“CNG”) and “liquefied petroleum gas” (“LPG”) but not “liquefied natural gas” (“LNG”).

The tax rate for CNG used as special fuel was 16 cents per hundred cubic feet at 60 degrees Fahrenheit and 14.73 psi. There was no tax rate for LNG used as special fuel.

Iowa Code section 452A.8(2)(e) defined “dealer” or “user” as dealers and users of CNG and LPG and “fuel” as CNG or LPG for the purposes of that paragraph.

Gross volume was used to determine the gallonage for purchases and sales of all types of fuel.

### New Provisions

---

The term “gallon” is now defined with respect to both CNG and LNG.

When the term “gallon” is used in relation to CNG it means a gasoline gallon equivalent. A gasoline gallon equivalent of CNG weighs 5.66 pounds and takes up 126.67 cubic feet at 60 degrees Fahrenheit and 14.73 psi.

When the term “gallon” is used in relation to LNG it means a diesel gallon equivalent. A diesel gallon equivalent of LNG weighs 6.06 pounds.

The term “liquefied natural gas” has been added to sections that already contained references to “compressed natural gas” and “liquefied petroleum gas” throughout chapter 452A.

The tax rate for CNG used as special fuel is now 21 cents per gallon and the tax rate for LNG gas used as special fuel is 22.5 cents per gallon.

LNG is now included in the definitions of “dealer,” “user,” and “fuel” for the purposes of section 452A.8(2)(e) and is listed along with CNG and LPG in all other parts of that paragraph. The subparagraphs of section 452A.8(2)(e) were also renumbered.

Most types of fuel are still measured on a gross volume basis. However, CNG and LNG are now measured by their gallon equivalents as defined above.

**Section Amended** \_\_\_\_\_

Section 1 of 2014 Iowa Acts Senate File 2338 amends Section 452A.2, Code 2014, by adding new subsection 20A. Section 2 of SF 2338 amends Section 452A.2, subsections 24 and 25, Code 2014. Section 3 of SF 2338 amends Section 452A.3, subsection 4, Code 2014. Section 4 of SF 2338 amends Section 452A.3, Code 2014 by adding new subsection 4A. Section 5 of SF 2338 amends Section 452A.4, subsection 1, paragraph d, Code 2014. Section 6 of SF 2338 amends Section 452A.8, subsection 2, paragraph e, Code 2014. Section 7 of SF 2338 amends Section 452A.60, unnumbered paragraph 1, Code 2014. Section 8 of SF 2338 amends Section 452A.62, subsection 1, paragraph a, subparagraph (2), Code 2014. Section 9 of SF 2338 amends Section 452A.62, subsection 1 paragraph b, Code 2014. Section 10 of SF 2338 amends Section 452A.74, subsection 1, paragraphs e and g, Code 2014. Section 11 of SF 2338 amends Section 452A.74, subsection 2, Code 2014. Section 12 of SF 2338 amends Section 452A.85, subsection 1, Code 2014. Section 13 of SF 2338 amends Section 452A.86, Code 2014.

**Effective Date** \_\_\_\_\_

July 1, 2014