

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

**BILL:** CS/SB 560

**INTRODUCER:** Transportation Committee and Senator Simpson

**SUBJECT:** Natural Gas Motorfuel

**DATE:** February 26, 2013      **REVISED:** \_\_\_\_\_

|    | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION             |
|----|---------|----------------|-----------|--------------------|
| 1. | Price   | Eichin         | TR        | <b>Fav/CS</b>      |
| 2. | Cote    | Diez-Arguelles | AFT       | <b>Pre-meeting</b> |
| 3. | _____   | _____          | _____     | _____              |
| 4. | _____   | _____          | _____     | _____              |
| 5. | _____   | _____          | _____     | _____              |
| 6. | _____   | _____          | _____     | _____              |

**Please see Section VIII. for Additional Information:**

A. COMMITTEE SUBSTITUTE.....  Statement of Substantial Changes

B. AMENDMENTS.....  Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

**I. Summary:**

CS/SB 560 repeals the decal fee program for motor vehicles powered by alternative fuels and the sales tax on alternative fuels, effective January 1, 2014. The bill establishes a new fuel tax structure for motor vehicles powered by natural gas, effective January 1, 2019. The bill also addresses a number of issues related to the use of natural gas as a motor fuel.

On March 8, 2013, the Revenue Estimating Conference estimated that there will be an insignificant negative impact on the General Revenue Fund, a (\$0.3) million impact in FY 2013-14 and a (\$0.7) million impact in FY 2014-15 to state trust funds, and a negative insignificant impact to local governments. However, in FY 2018-19 net revenue impacts will be positive as the new fuel tax system created by this bill takes effect generating \$1.5 million in additional revenues to state trust funds. Consequently, the recurring revenue impacts will be \$0.1 million to the General Revenue Fund, (\$0.1) million to state trust funds, and \$0.4 million to local governments.

The bill:

- Creates part V of Chapter 206, F.S., entitled “Natural Gas Fuel.”

- Repeals the current decal fee program for motor vehicles powered by alternative fuels effective January 1, 2014.
- Establishes a fuel tax structure for natural gas used as a motor fuel similar to that for diesel fuel, beginning January 1, 2019.
- Relocates statutory provisions relating to licenses for retailers of alternative fuel and related reporting requirements and provides penalties for acting as a retailer without a license.
- Provides exemptions from the tax on natural gas fuel when used for specified purposes.
- Revises provisions governing distribution of state alternative fuel fee proceeds, thereby delaying further distributions until the distribution for calendar year 2019.
- Repeals the Local Alternative Fuel User Fee Clearing Trust Fund.
- Expands the definition of “energy efficiency improvement” to include “installation of systems for natural gas fuel” under uses authorized by the Local Government Infrastructure Surtax.

The bill amends the following sections of the Florida Statutes: 206.86, 206.87, 206.91, and 212.055.

The bill renumbers and amends section 206.879, Florida Statutes.

The bill creates the following sections of the Florida Statutes: 206.9951, 206.9952, 206.9955, 206.996, 206.9965, and 206.998.

This bill repeals sections 206.877 and 206.89, Florida Statutes.

## **II. Present Situation:**

### **Natural Gas**

Due to increased domestic exploration and production, the supply of natural gas in the U.S. and in Florida is expanding. This additional supply translates into a significant reduction in fuel costs and increased potential for recognized environmental benefits for both the private and public sector.

When compared using equivalent units of measure, natural gas is less expensive than gasoline or diesel. In the U.S. Department of Energy’s Clean Cities Alternative Fuel Price Report for October 2012, the average price for gasoline in the Lower Atlantic states was \$3.66, \$3.96 for diesel, and \$2.07 for a gasoline gallon equivalent of compressed natural gas (CNG). Natural gas, in this case, CNG<sup>1</sup>, is clearly cheaper than diesel or gasoline. The savings in fuel costs are, of course, offset to a degree by the additional cost of a natural gas vehicle over a gasoline or diesel-powered vehicle.

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<sup>1</sup> Cost factors, in general, may be different for liquefied natural gas (LNG) vehicles. See Green Truck Association website for information on CNG and LNG:

<http://www.greentruckassociation.com/TechnicalResources/SustainableTechnologiesforWorkTrucks/NaturalGasCNGandLNG/tabid/129/Default.aspx>.

Due to the substantially higher fuel usage and the larger fuel price differential associated with CNG-powered fleet trucks, the recovery of the additional cost is substantially more rapid than for standard passenger vehicles. In a study prepared for the Florida Natural Gas Vehicle Coalition (FNGVC),<sup>2</sup> the additional cost of a standard passenger vehicle powered by CNG, compared to a standard passenger vehicle powered by gasoline, ranges from \$7,000 to \$18,500.<sup>3</sup> Assuming each passenger vehicle consumes 531 gallons per year, and applying a gas-CNG price difference of \$1.74, the payback period ranges from 7.6 years to 20 years.<sup>4</sup>

In contrast, the additional cost of a truck powered by CNG over a diesel-powered truck is \$76,100.<sup>5</sup> Assuming each vehicle consumes 11,706 gallons per year and assuming a price difference of \$1.91, the payback period for conversion of a diesel-powered truck to a CNG-powered truck is only 3.4 years,<sup>6</sup> long before the expected useful life of a fleet truck expires. Further, reduced engine wear and extended service intervals also reduce maintenance costs for CNG-powered vehicles.<sup>7</sup> Thus, so long as the cost of natural gas remains low, as is expected, the cost savings on fuel can more than offset and outweigh the added price paid for the purchase of CNG vehicles, prior to the application of any government incentives.

In addition, well-recognized environmental benefits are associated with the use of natural gas.

Natural gas, as the cleanest of the fossil fuels, can be used in many ways to help reduce emissions of pollutants into the atmosphere. Burning natural gas in the place of other fossil fuels emits fewer harmful pollutants, and an increased reliance on natural gas can potentially reduce the emission of many of these most harmful pollutants.

Pollutants emitted in the United States, particularly from the combustion of fossil fuels, have led to the development of many pressing environmental problems. Natural gas, emitting fewer harmful chemicals into the atmosphere than other fossil fuels, can help to mitigate some of these environmental issues. These issues include:

- Greenhouse Gas Emissions
- Smog, Air Quality and Acid Rain
- Industrial and Electric Generation Emissions
- Pollution from the Transportation Sector – Natural Gas Vehicles<sup>8</sup>

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<sup>2</sup> Fishkind & Associates, *Economic Impact of Incentives to Facilitate Compressed Natural Gas Vehicles in Florida*, August 1, 2012.

<sup>3</sup> *Id.* at 17-18.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See Green Truck Association website for information on CNG and LNG:

<http://www.greentruckassociation.com/TechnicalResources/SustainableTechnologiesforWorkTrucks/NaturalGasCNGandLNG/tabid/129/Default.aspx>.

<sup>8</sup> Naturalgas.org website: <http://www.naturalgas.org/environment/naturalgas.asp>. Retrieved February 15, 2013.

The FNGVC highlights the following benefits associated with the use of natural gas for fleet trucks:

- Natural gas vehicles can save a company 30 to 50 percent of its fuel costs.
- Central fuel and maintenance make fleets highly conducive to CNG fueling infrastructure.
- While it is true that Florida currently has relatively few natural gas fueling stations in place, several companies offer no-cost or low-cost options for construction and maintenance of such infrastructure.
- Maintenance on a natural gas vehicle is no more problematic and often easier than traditional diesel trucks. Mechanics can be trained quickly and easily for this purpose.
- The cost of converting to CNG is decreasing. In addition, such costs are offset by savings in direct fuel costs and possible financial incentives for the purchase of natural gas vehicles.<sup>9</sup>

The FNGVC study recommends providing incentives to convert to CNG-powered truck fleets, thereby creating a demand for the re-fueling stations and producing significant stimulation of Florida's economy.

### **State Gasoline, Diesel, and Alternative Fuel Taxes**

#### *Motor Fuel*

Section 206.41(1), F.S., provides for the following taxes on motor fuel<sup>10</sup>:

- An excise or license tax of 2 cents per net gallon of motor fuel,<sup>11</sup> designated as the “constitutional fuel tax.”
- An additional 1 cent per net gallon, designated as the “county fuel tax.”
- An additional 1 cent per net gallon, designated as the “municipal fuel tax.”
- An additional tax of 1 cent per net gallon may be imposed by each county, designated as the “ninth-cent fuel tax.”
- An additional tax of between 1 and 11 cents per net gallon may be imposed by each county, designated as the “local option fuel tax.”
- An additional tax per net gallon of motor fuel is imposed by each county, designated as the State Comprehensive Enhanced Transportation System Tax (SCETS), at a rate determined as specified in paragraph (f) of the subsection.
- An additional tax per net gallon is imposed “on the privileged of selling motor fuel”, designated as the “fuel sales tax,” at a rate determined as specified in paragraph (g) of the subsection.

The SCETS tax rate on motor fuel for 2013 is 5.9 cents and the fuel sales tax rate on motor fuel for 2013 is 12.9 cents.<sup>12</sup>

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<sup>9</sup> FNGVC website: <http://www.fuelforjobs.com/wp-content/uploads/2012/03/Executive-Summary-FINAL1.pdf>. Retrieved February 15, 2013.

<sup>10</sup> S. 206.01(9), F.S. defines “motor fuel” to mean “all gasoline products or any product blended with gasoline or any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.”

<sup>11</sup> Section 206.01(9), F.S., defines “motor fuel” or “fuel” to mean “all gasoline products or any product blended with gasoline or any fuel placed in the storage supply tank of a gasoline-powered motor vehicle.”

### *Diesel Fuel*

Section 206.87(1), F.S., provides for the following taxes on diesel fuel:

- An excise tax of 4 cents per net gallon of diesel fuel.<sup>13</sup>
- An additional 1 cent per net gallon is imposed by each county, designated as the “ninth-cent fuel tax.”
- An additional 6 cents per net gallon is imposed by each county, designated as the “local option fuel tax.”
- An additional tax per net gallon is imposed by each county, designated as the State Comprehensive Enhanced Transportation System Tax (SCETS), at a rate determined as specified in paragraph (d) of the subsection; and
- An additional tax per net gallon “on the privilege of selling diesel fuel,” designated as the “fuel sales tax,” at a rate determined as specified in paragraph (e) of the subsection.

The SCETS Tax rate on diesel fuel for 2013 is 7.1 cents and the fuel sales tax rate on diesel for 2013 is 12.9 cents.<sup>14</sup>

Section 212.0501(5), F.S., provides that diesel fuel upon which the fuel taxes pursuant to ch. 206, F.S., have been paid is exempt from the tax on sales, use, and other transactions imposed by ch. 212, F.S.

### *Alternative Fuel*

Section 206.86(4), F.S., defines “alternative fuel” to mean “any liquefied petroleum gas product or compressed natural gas product or combination thereof used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance.” The term includes all forms of liquefied petroleum gas (*i.e.*, natural gas, butane gas, propane gas) or compressed natural gas. Section 206.86(5), F.S., defines “natural gasoline” as “a liquid hydrocarbon that is produced by natural gas and must be blended with other liquid petroleum products to produce motor fuel.”

Section 206.877, F.S., requires owners or operators of motor vehicles licensed in this state which are powered by alternative fuels to pay, in lieu of the diesel fuel taxes imposed by s.206.87(1)(a)-(d), an annual decal fee on each such motor vehicle in accordance with the rate schedule specified in that paragraph. In addition, the sale of alternative fuel is subject to sales tax imposed under ch. 212, F.S.<sup>15</sup>

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<sup>12</sup> Florida Department of Revenue website: [http://dor.myflorida.com/dor/tips/pdf/12b05-02\\_chart.pdf](http://dor.myflorida.com/dor/tips/pdf/12b05-02_chart.pdf), *2013 Florida Fuel Tax, Collection Allowance, Refund, and Pollutants Tax Rates*, retrieved February 12, 2013.

<sup>13</sup> Section 206.86(1), F.S., defines “diesel fuel” to mean “all petroleum distillates commonly known as diesel #2, biodiesel, or any other product blended with diesel or any product placed into the storage supply tank of a diesel-powered motor vehicle.

<sup>14</sup> Florida Department of Revenue website: [http://dor.myflorida.com/dor/tips/pdf/12b05-02\\_chart.pdf](http://dor.myflorida.com/dor/tips/pdf/12b05-02_chart.pdf), *2013 Florida Fuel Tax, Collection Allowance, Refund, and Pollutants Tax Rates*, retrieved February 12, 2013.

<sup>15</sup> Fla. Admin. Code R. 12A-1.059.

The Department of Revenue (DOR) issues an annual decal to be attached to the upper right corner of the front windshield on the motor vehicle for which the decal is issued, and it is unlawful to operate a vehicle that is required to have a decal unless the vehicle is titled outside the state. Each sale of alternative fuel placed in a motor vehicle displaying a decal must be documented on an invoice that includes the decal number, the motor vehicle license number, and the number of gallons placed into the motor vehicle. Any person who puts or causes to be put liquefied petroleum gas or compressed natural gas into a motor vehicle required to have a decal is guilty of a first degree misdemeanor unless the vehicle has the required attached decal. A state or local governmental agency is not required to obtain a decal and pay the annual decal fee for motor vehicles powered by alternative fuel and operated by the state or local governmental agency.

Section 206.89, F.S., provides that a person may not act as a retailer of alternative fuel unless he or she holds a valid retailer of alternative fuel license issued by DOR, and any person acting as such who does not hold a license must pay a penalty of 25% of the tax assessed on the total purchases. A filing fee of \$5 is required at the time of filing an application for a license. Terminal suppliers, importers, and wholesalers must also provide a specified bond that must be filed with DOR to ensure payment to the state of the amount of tax, any penalties, and interest. Every person who operates as a retailer of alternative fuel, except those licensed under ch. 206, F.S., including a state agency, federal agency, municipality, county, or special district, must report monthly to DOR and pay tax on all fuel purchases.

The revenues from the state alternative fuel fees imposed by s. 206.877, F.S., are deposited into the State Alternative Fuel User Fee Clearing Trust Fund. After deducting the specified service charge, the proceeds from state alternative fuel fees are distributed as follows:

- One-half of the proceeds to the State Transportation Trust Fund (STTF).
- 50 percent of the remainder to the State Board of Administration for distribution in accordance with the Florida Constitution.
- 25 percent of the remainder to the Revenue Sharing Trust Fund for Municipalities.
- 25 percent of the remainder to the counties for specified public transportation purposes, distributed in accordance with s. 206.60(1), F.S.

The revenues from the local alternative fuel fees imposed in lieu of s. 206.87(1)(b) or (c), F.S., are to be deposited into the Local Alternative Fuel User Fee Clearing Trust Fund. After deducting specified service charges, the proceeds are returned monthly to the appropriate county.

### **Local Government Infrastructure Surtax**

Section 212.055(2)(a)1., F.S., provides that the Local Government Infrastructure Surtax may be levied at the rate of 0.5 or 1 percent pursuant to an ordinance enacted by a majority vote of the members of the county's governing body and approved by voters in a countywide referendum. If the proposal to levy the surtax is approved by a majority of the electors, the levy shall take effect. The levy may only be extended by voter approval in a countywide referendum. All counties are eligible to levy this surtax.

Pursuant to s. 212.055(2)(d), F.S., school districts, counties,18 and municipalities may expend the proceeds of the Local Government Infrastructure Surtax and any accrued interest for the following purposes:

- To finance, plan, and construct infrastructure;
- To acquire land for public recreation, conservation, or protection of natural resources;
- To provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing such use is approved by referendum; or
- To finance the closure of county-owned or municipally-owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection.

For purposes of the Local Government Infrastructure Surtax, s. 212.055(2)(d)2.,F.S., defines “energy efficiency improvement” as any energy conservation and efficiency improvement that reduces consumption through conservation or a more efficient use of electricity, natural gas, propane, or other forms of energy on the property, including, but not limited:

- To air sealing;
- Installation of insulation;
- Installation of energy-efficient heating, cooling, or ventilation systems
- Installation of solar panels;
- Building modification to increase the use of daylight tor shade;
- Replacement of windows;
- Installation of energy controls or energy recovery systems;
- Installation of electric vehicle charging equipment; and
- Installation of efficient lighting equipment.

A local government choosing to expend funds under this provision is required to enact or amend its ordinance pursuant to s. 125.66, F.S., and have the ordinance approved by referendum in a subsequent election.

### III. Effect of Proposed Changes:

CS/SB 560 repeals the decal fee program for motor vehicles powered by alternative fuels and the sales tax on alternative fuels, effective January 1, 2014. The bill establishes a new fuel tax structure for motor vehicles powered by natural gas, effective January 1, 2019. The bill also addresses a number of issues related to the use of natural gas as a motor fuel.

**Section 1** amends s. 206.86, F.S., to delete the definitions of “alternative fuel” and “natural gasoline.”

**Section 2** amends s. 206.87(1)(a), F.S., to remove the exception from the 4-cents-per-net-gallon excise tax for alternative fuels subject to the decal fee imposed by s. 206.877, F.S.

**Section 3** repeals s. 206.877, F.S., relating to payment of annual decal fees in lieu of the tax imposed by s. 206.87, F.S., for motor vehicles fueled by alternative fuels.

**Section 4** repeals s. 206.89, F.S., relating to retailers of alternative fuel licenses, applications for such licenses, DOR issuance, and monthly reports and payment of tax on all fuel purchases.

**Section 5** amends s. 206.91(1), to remove from the required monthly reports to DOR information on inventories, purchases, nontaxable disposals, and taxable sales in gallons of alternative fuel; and to make technical changes.

**Section 6** creates part V of ch. 206, F.S., consisting of ss. 206.9951 – 206.998, entitled “NATURAL GAS FUEL.”

**Section 7** creates s. 206.9951, F.S., to provide the following definitions:

- “Motor fuel equivalent gallon” means the volume of natural gas fuel it takes to equal the energy content of one gallon of fuel.
- “Natural gas fuel” means any liquefied petroleum gas product, compressed natural gas product, or combination thereof used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance. The term includes all forms of fuel commonly or commercially known or sold as natural gasoline, butane gas, propane gas, or any other form of liquefied petroleum gas, compressed natural gas, or liquefied natural gas. (This definition is identical to the definition of “alternative fuel” being deleted from s. 206.86, F.S.)
- “Natural gas fuel retailer” means any person who sells natural gas fuel to be placed into the fuel supply system of a motor vehicle or used to propel any form of vehicle, machine, or mechanical contrivance.
- “Natural gasoline” is a liquid hydrocarbon that is produced by natural gas and must be blended with other liquid petroleum products to produce motor fuel. (This definition is identical to the definition of “natural gasoline” being deleted from s. 206.86, F.S.)
- “Person” means a natural person, corporation, copartnership, firm, company, agency, or association; a state agency, or a political subdivision of the state.

**Section 8** creates s. 206.9952, F.S., requiring any person selling natural gas fuel at retail in Florida to obtain a natural gas fuel retailer license from the Department of Revenue (DOR). Until December 31, 2018, any person who acts as a natural gas retailer and does not hold a valid license must pay a penalty of \$200 for each month of operation without a license. Beginning January 1, 2019, a penalty of 25 percent of the tax assessed on total purchases is imposed on any person who acts as a natural gas fuel retailer and does not have a valid license. In order to apply for a license from DOR, the applicant must file an application and a bond with the department and pay an annual license fee of \$5 for deposit into the General Revenue Fund. The section also requires natural gas fuel retailers to submit a monthly report to DOR and pay a tax on all natural gas fuel purchases beginning January 1, 2019.

**Section 9** creates s. 206.9955, to provide the motor fuel equivalent gallon for compressed natural gas, liquefied natural gas and liquefied petroleum. The section also provides for the following taxes on natural gas fuel, effective January 1, 2019:



- An excise tax of 4 cents upon each motor fuel equivalent gallon of natural gas fuel.
- An additional tax of 1 cent upon each motor fuel equivalent gallon of natural gas fuel, which is designated as the “ninth-cent fuel tax.”
- An additional tax of 6 cents on each motor fuel equivalent gallon of natural gas fuel by each county, which is designated as the “local option fuel tax.”
- An additional tax on each motor fuel equivalent gallon of natural gas fuel, which is designated as the “State Comprehensive Enhanced Transportation System,” at a rate determined pursuant to paragraph (d) of the subsection.
- An additional tax is imposed on each motor fuel equivalent gallon of natural gas fuel “for the privilege of selling natural gas fuel,” designated as the “fuel sales tax,” at a rate determined as specified in paragraph (e) of the section.

**Section 10** creates s. 206.996, F.S., to require each natural gas fuel retailer to file monthly reports with DOR, beginning February 2019, showing information on inventory, purchases, nontaxable disposals and taxable sales of natural gas fuels. The natural gas retailer is allowed to deduct 0.67 percent of the amount of the excise and fuel sales taxes owed, in addition to 1.1 percent of the “ninth-cent fuel” taxes owed to “compensate it for services rendered and expenses incurred in complying with the requirements.”

**Section 11** creates s. 206.9965, F.S., to provide exemptions from the tax on natural gas fuel when used or purchased for the following:

- Exclusive use of natural gas fuel by the United States or its departments or agencies in a motor vehicle or used to propel any form of vehicle, machine, or mechanical contrivance.
- Use for an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance for agricultural purposes<sup>16</sup> as defined in s. 206.41(4)(c), F.S.
- Uses as provided in s. 206.874(3), F.S. [dyed diesel fuel uses].
- Use by vehicles operated by state and local government agencies.
- Individual use resulting from residential refueling devices located at a person’s primary residence.
- Purchases of natural gas fuel between licensed natural gas fuel retailers.

**Section 12** renumbers s. 206.879, F.S., as s. 206.997, F.S. and provides that, beginning with the calendar year 2019 and thereafter, revenues from the natural gas fuel tax be deposited into the State Alternative Fuel User Fee Clearing Trust Fund to be distributed as follows:

- One-half of the proceeds shall be transferred to the State Transportation Trust Fund.
- 50% of the remainder shall be transferred to the State Board of Administration for distribution in accordance with the Florida Constitution.
- 25% of the remainder shall be transferred to the Revenue Sharing Trust Fund for Municipalities.
- 25% of the remainder shall be distributed to the counties for specified public transportation purposes, in accordance with s. 206.60(1), F.S.

<sup>16</sup> “Agricultural purposes” include agricultural, aquacultural, commercial fishing, or commercial aviation purposes.

**Section 13** repeals the Local Alternative Fuel User Fee Clearing Trust Fund within DOR.

**Section 14** creates s. 206.998, F.S. to provide that the specified sections are applicable to the natural gas fuel tax unless the provisions conflicts with the new part.

**Section 15** amends s. 212.055(2)(d), F.S., to add “installation of systems for natural gas fuel as defined in s. 206.9951” to the definition of “energy efficiency improvement”. This allows counties to use local government infrastructure surtax revenues as loans, grants, or rebates to private property owners who install natural gas fueling systems if a local government ordinance authorizing such use is approved by referendum.

**Section 16** provides an effective date of January 1, 2014.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

This bill repeals the alternative fuel decal fees on January 1, 2014 and imposes a natural gas fuel tax starting January 1, 2019.

On March 8, 2013, the Revenue Estimating Conference estimated that there will be an insignificant negative impact on the General Revenue Fund, a (\$0.3) million impact in Fiscal Year 2013-2014 and a (\$0.7) million impact in Fiscal Year 2014-2015 to state trust funds, and a negative insignificant impact to local governments. However, in Fiscal Year 2018-2019 net revenue impacts will be positive as the new fuel tax system created by this bill takes effect generating \$1.5 million in additional revenues to state trust funds.

Consequently, the recurring revenue impacts will be \$0.1 million to the General Revenue Fund, (\$0.1) million to state trust funds, and \$0.4 million to local governments.

B. Private Sector Impact:

The private sector would experience the identified environmental benefits.

**C. Government Sector Impact:**

The government sector would experience the identified environmental benefits.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The DOR is authorized to adopt rules and publish forms to administer the tax imposed on natural gas fuel.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Transportation on February 21, 2013:**

The committee adopted a strike-all and two amendments at its meeting and incorporated them into the original bill as a committee substitute. The amendments:

- require any person who acts as a natural gas retailer and does not hold a valid natural gas fuel retailer license to pay a penalty of \$200 for each month of operation without a natural gas fuel retailer license, which provision expires on December 31, 2018;
- effective January 1, 2019, require any person who acts as a natural gas fuel retailer and does not hold a valid natural gas fuel retailer license to pay a penalty of 25 percent of the tax assessed on the total purchases made during the unlicensed period;
- postpone distributions of proceeds to the STTF from the State Alternative Fuel User Fee Clearing Trust until calendar year 2019 and delay imposition of the natural gas fuel tax until January 1, 2019;
- establish a beginning date of February 2019 for natural gas fuel retailers to begin filing the monthly reports; and
- remove the natural gas fuel vehicle investment program under which 2 percent of the SCETS tax on motor fuel, diesel, and alternative fuel were to be used to provide rebates for the incremental cost or purchase of natural gas fuel vehicles.

**B. Amendments:**

None.