

**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.)

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Prepared By: The Professional Staff of the Committee on Transportation

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BILL: SB 322

INTRODUCER: Senator Gruters

SUBJECT: Natural Gas Fuel Taxes

DATE: March 14, 2023

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Price	Vickers	TR	<b>Favorable</b>
2.			FT	
3.			AP	

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**I. Summary:**

SB 322 delays the imposition of Florida’s natural gas fuel tax from 2024 to 2026 and conforms related statutory provisions.

See the “Fiscal Impact Statement” heading below for the Revenue Estimating Conference adopted consensus estimate of the bill’s fiscal impact.

The bill takes effect July 1, 2023.

**II. Present Situation:**

In 2013, the Legislature established a fuel tax rate structure for motor vehicles powered by natural gas and repealed the decal fee imposed on “alternative fuel” vehicles.<sup>1</sup> The bill created a new part V of ch. 206, F.S., consisting of ss. 206.9951 – 206.998, entitled ‘NATURAL GAS FUEL.’ It repealed related provisions, including s. 206.877, F.S. (motor vehicles fueled by liquefied petroleum gas or compressed natural gas), and s. 206.89, F.S. (licensure of retailers of alternative fuel); and it amended and relocated various provisions to the new part V.

The bill provided an exemption from the newly established rate structure until December 31, 2018, and exempted from the sales and use tax natural gas and natural gas fuel when placed into the fuel system of a motor vehicle.<sup>2</sup> Thereafter, a person operating as a natural gas fuel retailer was required to pay a tax on all natural gas fuel purchases<sup>3</sup> and report monthly to the Department of Revenue.<sup>4</sup>

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<sup>1</sup> Ch.2013-198, L.O.F.

<sup>2</sup> Section 212.08(4)(a)2., F.S. (2022).

<sup>3</sup> Section 206.9952(8), F.S. (2013).

<sup>4</sup> The method for determining the tax rate imposed was originally created in s. 206.996(1), F.S., with a beginning date of February 2019.

Beginning January 1, 2019, the following taxes were to be imposed on natural gas fuel:

- 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<sup>5</sup> of natural gas fuel, which is designated as the “ninth-cent fuel tax.”
- An additional tax of 1 cent 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 (SCETS) Tax,” at a rate determined by statute.<sup>6</sup>
- An additional tax 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 by statute.<sup>7</sup>

The Legislature also established the following penalties:

- A penalty, set to expire on December 31, 2018, for any person who acts as a natural gas retailer without holding a valid natural gas fuel retailer license in the amount of \$200 for each month of operation without a license.<sup>8</sup>
- Effective January 1, 2019, a penalty of 25 percent of the tax assessed on the total purchases made during the unlicensed period for any person who acts as a natural gas fuel retailer without a valid natural gas fuel retailer license.<sup>9</sup>

In 2018, the Legislature:

- Delayed until January 1, 2024, imposition of the natural gas fuel taxes described above, as well as a natural gas fuel retailer’s obligation to report monthly to the DOR, beginning February 2024.
- Made the methods to be used by the DOR for determining the SCETS and fuel sales tax rates applicable before January 1, 2024, compared to the base year average, which is the average for the 12-month period ending September 30, 2013.<sup>10</sup>
- Extended the expiration date of the \$200 penalty against a person acting as a natural gas retailer without a license from December 31, 2018, to December 31, 2023.
- Extended the effective date of the 25 percent penalty to January 1, 2019, to January 1, 2024.<sup>11</sup>

<sup>5</sup> “Motor fuel equivalent gallon” is defined in s. 206.9951(1), F.S., to mean the volume of natural gas fuel it takes to equal the energy content of one gallon of motor fuel. Section 206.9955, F.S., currently defines the motor fuel equivalent gallon for compressed natural gas, liquefied natural gas, and liquefied petroleum gas.

<sup>6</sup> Each calendar year, the department shall determine the tax rate applicable to the sale of natural gas fuel for the following 12-month period beginning January 1, rounded to the nearest tenth of a cent, by adjusting the initially established tax rate of 5.8 cents per gallon by the percentage change in the average of the Consumer Price Index issued by the United States Department of Labor for the most recent 12-month period ending September 30. Section 206.9955(2)(d), F.S. (2013).

<sup>7</sup> Each calendar year, the department shall determine the tax rate applicable to the sale of natural gas fuel, rounded to the nearest tenth of a cent, for the following 12-month period beginning January 1. The tax rate is calculated by adjusting the initially established tax rate of 9.2 cents per gallon by the percentage change in the average of the Consumer Price Index issued by the United States Department of Labor for the most recent 12-month period ending September 30. Section 206.9955(2)(e)1., F.S. (2013).

<sup>8</sup> Section 206.9952(3)(a), F.S. (2013).

<sup>9</sup> Section 206.9952(3)(b), F.S. (2013).

<sup>10</sup> *Supra* notes 6 and 7.

<sup>11</sup> Ch. 2018-118, L.O.F.

**III. Effect of Proposed Changes:**

The bill amends ss. 206.9955(2)(a) and 206.9952(8), F.S., to delay imposition of the natural gas fuel taxes and the retailer monthly reporting obligations, from January 1, 2024, to January 1, 2026. Monthly reporting must begin February 2026, rather than February 2024, per the amended s. 206.996(1), F.S.

Section 206.9955(2)(d), F.S., is amended, making the methods to be used by the DOR for determining the SCETS and fuel sales tax rates applicable before January 1, 2026, rather than January 1, 2024.

The bill amends s. 206.9952(3)(a) and (b), F.S., to extend the current expiration date for the \$200 penalty from December 31, 2023, to December 31, 2025, and make the 25 percent penalty against a retailer acting without a retailer license effective January 1, 2026, rather than January 1, 2024.

The bill takes effect July 1, 2023.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

None.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The bill delays the effective date for imposition of the taxes on natural gas fuel and presents an insignificant fiscal impact.

**B. Private Sector Impact:**

Those who purchase or sell natural gas fuel will be relieved of paying taxes on such fuel until January 1, 2026. Retailers will be relieved of monthly reporting and not be subject to the specified penalties until the same date.

**C. Government Sector Impact:**

On February 3, 2023, the Revenue Estimating Conference (REC) adopted a negative fiscal impact to state revenues of \$200,000 for fiscal year 2023-24, \$700,000 for fiscal year 2023-24, and \$500,000 for fiscal year 2025-26.<sup>12</sup>

On the same date, the REC adopted a negative fiscal impact to local revenues of \$100,000 for fiscal year 2023-24, \$200,000 for fiscal year 2024-25, and \$100,000 for fiscal year 2025-26.<sup>13</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 206.9955, 206.9952, and 206.996.

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

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

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>12</sup> Available at [page39-41.pdf \(state.fl.us\)](#) (last visited February 13, 2023).

<sup>13</sup> *Id.*