

HF182 - 0 - "Compressed Natural Gas Tax"

Chief Author: **Pat Garofalo**  
 Committee: **Transportation Policy and Finance**  
 Date Completed: **02/25/2015**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

An estimate of revenue impact is not included in this fiscal note. The Department of Revenue prioritizes revenue estimate requests for bills before Tax Committee and will provide one for this bill when it is before Tax Committee.

EBO Signature: Katharine Barondeau      Date: 2/25/2015 9:19:15 AM  
 Phone: 651 201-8026      Email [katharine.barondeau@state.mn.us](mailto:katharine.barondeau@state.mn.us)

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

**Bill Description**

This bill decreases the compressed natural gas tax rate from \$2.174 to \$1.826 per thousand cubic feet, and changes the compressed natural gas tax equivalent from gasoline to diesel gallon equivalents (DGE) to calculate the tax rate, effective July 1, 2015.

**Assumptions**

The Department of Revenue (DOR) makes the following assumptions:

- DOR will update the compressed natural gas tax rate in the applicable tax table in the Integrated Tax System due to the rate change;
- DOR will update the published rate in the tax table on the website and will update other publications or materials that reflect the tax and the tax rate;
- the administrative impact to DOR is minimal (under \$1,000).

**Expenditure and/or Revenue Formula**

An estimate of revenue impact is not included in this fiscal note. The Department of Revenue prioritizes revenue estimate requests for bills before Tax Committee and will provide one for this bill when it is before Tax Committee.

**Long-Term Fiscal Considerations**

The modifications to the compressed natural gas tax rate will reduce the tax on an ongoing basis.

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Lisa Knops 651-556-6754

**Agency Fiscal Note Coordinator Signature:** Lisa Knops

**Phone:** 651 556-6754

**Date:** 1/23/2015 2:48:52 PM

**Email:** Lisa.Knops@state.mn.us