HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 182 DATE: February 23, 2015

Version: As introduced

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Subject: Compressed natural gas (CNG) tax rate

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This bill reduces the motor fuels tax rate for compressed natural gas (CNG) and switches the fuels comparison basis from gasoline equivalent (i.e., comparing energy content of CNG to gasoline) to instead use diesel fuel equivalent.

CNG has a physical state that is gaseous (although it can be super-cooled into a liquid form). CNG is dispensed and therefore measured in different ways as opposed to liquid fuels such as gasoline and diesel (which are measured in gallons).