

RÉSUMÉ DIGEST

ACT 147 (SB 271)

2015 Regular Session

White

Prior law, relative to taxes on petroleum products, provided for the levy of a tax of 16 cents per gallon on all special fuels including compressed natural gas, liquefied natural gas, and liquefied petroleum gas (hereinafter "special fuel") sold, used, or consumed in the state for the operation of motor vehicles licensed or required to be licensed for highway use. Prior law levied an additional tax of 4¢ dedicated to the Transportation Infrastructure Model for Economic Development (TIMED) Program.

Prior law required owners and operators of motor vehicles with a gross weight of 10,000 pounds or less to pay the tax levied pursuant to prior law for special fuels in accordance with an annual flat rate equal to 80% of \$150, based on a 16¢ per gallon special fuels tax rate or a variable rate of 80% of the current special fuels tax rate. The owner or operator of a motor vehicle having a gross weight of more than 10,000 pounds shall pay the special fuels tax by paying the rate of 80% of the special fuels tax rate in effect on the fuel used. The aggregate annual tax paid for these vehicles shall not be less than 80% of \$150 based on a 16¢ per gallon special fuels tax per motor vehicle. Prior law provided for a schedule for determining the amount of special fuel used the previous year based on the gross weight of the vehicle and the miles per gallon.

Prior law required persons who operate a motor vehicle powered by a special fuel on the highways of this state to apply for permission to operate on the highways of this state. The application shall be on a form prescribed by the secretary. When the applicant pays the annual flat rate for the tax, the secretary shall issue the applicant a decal which signifies that the special fuel tax has been paid. Prior law required the secretary to provide for a procedure for the annual payment of the tax and issuance of the decal. Failure to obtain an annual decal shall result in a penalty to be assessed of \$50 for a first violation and a penalty of \$100 for each subsequent violation.

New law changes prior law in that, beginning Jan. 1, 2016, the tax levied on special fuels shall not be collected pursuant to the annual decal but rather the amount of the tax shall be converted from a tax levied per gallon on such special fuel to a tax levied per gallon but based on the special fuel's energy content as follows:

- (1) Diesel gallon equivalent for liquefied natural gas (LNG) shall be equal to 6.060 pounds of LNG and shall be the unit of measurement of the tax levied pursuant to new law.
- (2) The gasoline gallon equivalent for LPG shall be energy equivalent rate equal to 73% percent of the state tax per gallon on gasoline and diesel fuel and shall be the unit of measurement of the tax levied pursuant to new law.
- (3) Gasoline gallon equivalent for compressed natural gas (CNG) shall be equal to 5.660 pounds of CNG and shall be the unit of measurement of the tax levied pursuant to new law.

New law repeals prior law as it relates to issuance of an annual decal. However, new law adds a transitional provision for the department to continue issuing decals from July 1, 2015, through Dec. 31, 2015, for the operation of vehicles which use LNG, LPG, or CNG in order for the taxes due on this fuel to be paid. The amount of the decal shall be calculated at a rate of one-twelfth of the total annual decal amount for each month the decal is valid.

New law requires the tax to be collected by any person or entity upon the delivery of the fuel into the fuel supply tank of a motor vehicle. However, requires any person or entity to possess a license for utilizing, delivering, or selling such fuels and otherwise provides for requirements for collection of the per-gallon tax by the licensed users, dealers, and sellers; application, suspension, cancellation, and revocation of licenses; bond requirements; returns, payments, credits, refunds, and fines, penalties, and interest for failure to pay associated with the tax; records retention and inspection; and investigative and enforcement authority, including authorization for search and seizure and criminal penalties for certain prohibited acts.

Prior law provided for administrative discount to supplier for filing returns and remitting payment timely. New law reduces rate from one and one-half percent to one-half percent.

Prior law authorized a supplier to allow purchaser who is a validly licensed distributor or importer a deduction. New law reduces deduction from 1% to one-third of 1%.

Prior law allowed a validly licensed distributor or importer that pays the tax due a supplier timely to deduct a discount from the amount due. New law reduces the amount of discount from 1% to one-third of 1%.

New law provides for a listing of offenses that constitute a misdemeanor, and upon conviction, shall be fined not less than \$1,000 nor more than \$5,000 or imprisoned not more than two years, or both. New law provides for a listing of offenses which, if committed with the intent of evading tax, and upon conviction, shall be fined not less than \$5,000 nor more than an amount commensurate to the amount of tax combined with interest and penalties lost to the state due to the illegal actions or imprisoned with or without hard labor for not less than two nor more than 10 years, or both.

New law authorizes and requires the Commissioner of Agriculture to assist the secretary of the Dept. of Revenue in collecting the taxes and any interest or penalties due pursuant to the provisions of new law. Requires the commissioner, in consultation with the secretary, to promulgate rules pursuant to the APA to provide procedures and processes for the orderly regulation and enforcement of the laws governing taxation of compressed natural gas, liquified natural gas, and liquified petroleum gas.

New law makes such fuels subject to any other tax which may be levied on special fuels by any other provision of law and specifies that it is subject to the Act which originated as HB 736 of the 2015 RS, or any other Act of such session, which increases the tax on gasoline or special fuels.

Effective July 1, 2015.

(Amends R.S. 3:4602(12.1) and 4684 and R.S. 47:818.2(intro para), (18), (22), (43), (44), (58), and (63), and 818.22(A) and (B); adds R.S. 3:4690.1 and R.S. 47:818.111-818.132; repeals R.S. 47:818.101-104)