



Special Notice

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711

New Compressed Natural Gas and Liquefied Natural Gas Measurement and Rates

Assembly Bill 1907 (Stats. 2014, Ch. 805) added language to existing Use Fuel Tax Laws requiring compressed natural gas (CNG), sold at retail to the public for use as a motor vehicle fuel, be sold in a gasoline gallon equivalent that is equal to 126.67 cubic feet, or 5.66 pounds. Additionally, the bill requires that liquefied natural gas (LNG) be sold in a diesel gallon equivalent that is equal to 6.06 pounds. For more information on the legislation, download Assembly Bill 1907 (Stats. 2014, Ch. 805) at www.leginfo.ca.gov.

Use Fuel Tax Rate

Beginning January 1, 2015, the new requirement adjusts the tax rate for CNG to 8.87 cents (\$0.0887) for each 126.67 cubic feet or 5.66 pounds of CNG used, measured at the standard pressure and temperature (14.73 pounds PSI at 60° fahrenheit). The new requirement also adjusts the tax rate for LNG to 10.17 cents (\$0.1017) for each 6.06 pounds of LNG used.

Vendors with Retail Sales

If you make retail sales of CNG and/or LNG, you must begin collecting the adjusted tax rate on January 1, 2015. Additionally, you must place a label on the CNG dispensing apparatus in a conspicuous place indicating, "Gasoline gallon equivalent." For retail sales of LNG, you must place a label on the dispensing apparatus in a conspicuous place indicating, "Diesel gallon equivalent." For more information on the labeling requirements, contact the California Department of Food and Agriculture, Division of Measurement Standards, at www.cdffa.ca.gov/dms.

Sales of LNG and/or CNG to users who have paid the annual flat rate tax, are not subject to the use fuel tax provided the vehicle has a current flat rate decal attached. However, you must also collect and retain written representation from the flat rate decal holder that they have prepaid the annual flat rate fuel tax. Additionally, you should document all such sales by recording on your receipt the taxpayer's permit and decal numbers, and the number of gallons sold. You are required to list the total number of tax-exempt gallons sold on your vendor return.

Users—Annual Flat Rate Decal Holders

If you are an annual flat rate permit holder, a current year's flat rate decal must be affixed to each vehicle for which you have pre-paid the fuel taxes. In addition, you must provide the vendor with a written representation that you have prepaid the annual flat rate fuel tax and that the fuel seller is not liable for collecting and paying those taxes. Providing the vendor with a photocopy of the letter that was sent to you with your decal(s) will satisfy this requirement.

For More Information

For more information, please see our [Use Fuel Tax](#) webpage or call our Customer Service Center at 1-800-400-7115, Monday through Friday, 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays and ask for the Motor Carrier Office.