

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: February 18, 2015

Agency Submitting: Department of Motor Vehicles, Motor Carrier Division

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Propane (LPG) Fuel Tax - Loss of Revenue (Revenue)		(\$222,846)	(\$166,645)	(\$165,191)
Compressed Natural Gas (CNG) Fuel Tax - Loss of Revenue for FY15/16 only (Revenue)		(\$3,350)	\$33,777	\$142,152
Liquefied Natural Gas (LNG) Fuel Tax - Loss of Revenue (Revenue)		(\$7,669)	(\$7,669)	(\$15,337)
Total	0	(\$233,865)	(\$140,537)	(\$38,376)

Explanation

(Use Additional Sheets of Attachments, if required)

This was originally submitted to the Department of Administration as a policy BDR; however, we have determined it does have a fiscal impact. The projected impact does not affect any of DMV's operating budgets. As a result of the passage of SB399 during the 77th Legislative session, the Liquefied Natural Gas (LNG) suppliers filed complaints with the Legislative Counsel Bureau (LCB) stating the bill imposed a tax increase on LNG. Although the Department was previously charging .27 per gallon on LNG prior to SB399, a decision had been made in 2011 allowing LNG suppliers to use the conversion rate in statute for Liquefied Petroleum Gas (LPG aka propane). Conversion rates in statute for alternative fuels do not align with standardized measurements, thus creating confusion for both the industry and Department on how to properly report and tax the gaseous fuels. The Department has worked closely with LCB to correct the language and set standard measurements for gaseous fuels which coincides with federal standards. Fuel tax rates requested in this bill reflect the rate currently collected on LPG and Compressed Natural Gas (CNG), which is actually lower than the current statutory rate of .22 for LPG and .21 for CNG. Section 2 of the bill recommends a graduated tax increase to bring the tax from the current rate being collected as a result of the conversion language. Section 3 of the bill aligns the conversion factors to federal measurement standards and includes a measurement for LNG. System programming for the changes in this bill are estimated at 40 hours and will be absorbed by the Department.

Name Cyndie Munoz

Title Deputy Chief of Administration

DEPARTMENT OF ADMINISTRATION'S COMMENTS

The agency's response appears reasonable.

Date Wednesday, February 18, 2015

Name Julia Teska

Title Director

BDR /Bill #: **32-382, AB32** Agency Name: **Department of Motor Vehicles**
 Division Name: **Motor Carrier** Date: 2/13/15

Exhibit 1_LPG

FY14 Revenues - DMV Statistics

	FY14 Reported Gallons	Taxable Gallons	Net Tax Rate	Net Tax Collected
FY13/14	5,017,893	1,457,196	0.2156	\$314,171.46

Proposed Changes Based on FY14 Taxable Gallons

	Projected	Proposed		Projected	
	LPG (Taxable) Gallons	Net Tax Rate	Gross Tax Rate	Net Tax Total	Difference
FY14/15	1,457,196	0.2156	0.22	\$314,171.46	\$0.00
FY15/16	5,017,893	0.0182	0.0186	\$91,325.65	(\$222,845.81)
FY16/17	5,017,893	0.0294	0.03	\$147,526.05	(\$166,645.41)
FY17/18	5,017,893	0.0406	0.0414	\$203,726.46	(\$110,445.00)
FY18/19	5,017,893	0.0517	0.0528	\$259,425.07	(\$54,746.39)

FY19/20 shown for demonstration purposes only.

FY19/20	5,017,893	0.0627	0.064	\$314,621.89	\$450.43
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Assumptions/Notes:

As Bill is written, LPG Taxes will not be revenue neutral until FY19/20

36.3cf/125cf=.2904 conversion rate (Reported Gallons x .2904 = Taxable Gallons)

Special Fuel is forecasted flat based on current trends.

All projections based on FY14 actuals.

All LPG taxes are collected at the Net Tax Rate. NRS 366.390(1) (Gross tax - 2%)

NRS366.197 (2)

Liquified Petroleum Gas, 125 cubic feet of natural gas or or liquified petroleum gas shall be

BDR /Bill #: **32-382, AB32** Agency Name: **Department of Motor Vehicles**

Division Name: **Motor Carrier** Date: 2/13/15

Exhibit 2_CNG

FY14 Revenues

	FY14 Taxable Gallons	Converted Gallons	Net Tax Rate	Net Tax Collected
FY13/14	1,726,821	1,381,457	0.2058	\$284,303.85

Proposed Changes Based on FY14 Taxable Gallons

	Projected	Proposed		Projected	
	CNG (Taxable) Gallons Sold	Net Tax Rate	Gross Tax Rate	Net Tax Total	Difference
FY14/15*	1,381,457	0.2058	0.21	\$284,303.85	\$0.00
FY15/16	1,726,821	0.1627	0.166	\$280,953.78	(\$3,350.07)
FY16/17	1,726,821	0.1842	0.188	\$318,080.43	\$33,776.58
FY17/18	1,726,821	0.2058	0.21	\$355,379.76	\$71,075.91
FY18/19	1,726,821	0.2058	0.21	\$355,379.76	\$71,075.91

Assumptions/Notes:

Reported gallons x .80 = Taxable Gallons CNG

100cf/125cf=.80 conversion rate through Dec 31, 2013 (SB399)

100cf/126.67=.789 conversion rate beginning January 1, 2014

Special Fuel is forecasted flat based on current trends.

All LPG taxes are collected at the Net Tax Rate. NRS 366.390(1) (Gross tax - 2%)

All projections based on FY14 actuals.

NRS366.197 (1)

Compressed natural gas, 126.67 cubic feet of natural gas or 5.660 pounds of natural gas shall

*FY14/15 no change to current reporting. Effective date of bill is 7/1/15.

BDR /Bill #: **32-382, AB32** Agency Name: **Department of Motor Vehicles**
 Division Name: **Motor Carrier** Date: 2/13/15

Exhibit 3_LNG

Proposed Changes Based on FY14 Taxable Gallons						
	Current	Proposed	Tax Rate		Projected	
	LNG (Taxable) Gallons Sold 3.5lbs per gallon	DGE= 6.06 lbs per gallon	Net Tax Rate	Gross Tax	Net Tax	Difference
FY14/15*	1,324,074		0.2646	0.27		\$0.00
FY15/16	1,324,074	764,729	0.2646	0.27	\$202,347.29	(\$7,668.64)
FY16/17	1,324,074	764,729	0.2646	0.27	\$202,347.29	(\$7,668.64)
FY17/18	1,324,074	764,729	0.2646	0.27	\$202,347.29	(\$7,668.64)
FY18/19	1,324,074	764,729	0.2646	0.27	\$202,347.29	(\$7,668.64)

Assumptions/Notes:

Prior to 12/31/13, LNG dealers were using the LPG conversion rate to calculate taxable gallons.

1/1/2014, SB399 classified LNG as a special fuel and did not provide a conversion factor.

FY14/15 is the revenue benchmark as it is the only full year of data at the current collection rate.

This bill proposes to tax LNG at the Diesel Gallon Equivalent (DGE) of 6.06 lbs per gallon.

Special Fuel is forecasted flat based on current trends.

All LPG taxes are collected at the Net Tax Rate. NRS 366.390(1) (Gross tax - 2%)

All projections based on FY14 actuals.

*FY14/15 no change to current reporting. Effective date of bill is 7/1/15.