Alternative Motor Vehicle Fuels In Louisiana

(September 1994 Update)

By Alan A. Troy, P.E. Senior Energy Engineer

Technology Assessment Division T. Michael French, P.E. Director Louisiana Department Of Natural Resources

Jack McClanahan Secretary of Natural Resources

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Executive Summary

Looming federal and state legislative deadlines mandating the increased use of alternative fuels have spurred some Louisiana vehicle fleet owners to begin converting a portion of their fleets. Most new conversions are to compressed natural gas (CNG), but the majority of alternative fuel vehicles (AFVs) now on the road are fueled by liquefied petroleum gas (LPG). From June 30 to September 7, 1994, the total number of AFVs registered by the Louisiana Department of Revenue and Taxation as fueled by CNG increased from 250 to 326 while LPG vehicles dropped from 1,419 to 1,036.

The conversion of a portion of the state government fleet to CNG was begun last March by Ecogas of Louisiana in accordance with their contract with the state. As of September 30 the number of vehicles converted totalled 141, compared to zero a year ago. Some city and parish governmental entities have also begun to convert their fleets. Nearly 100 CNG fueled vehicles are now operated by municipal and parish government agencies, and about 600 more conversions are planned. Had General Motors not cancelled its NGV (natural gas vehicle) program, at least 100 more new NGVs would have been purchased. The number of public access CNG refueling stations increased from three to seven during the past year and should reach at least eleven within a year. However, public demand for personal NGVs remains virtually nonexistent as the high cost of conversion and the lack of a refueling infrastructure as convenient as gasoline discourages public participation. President Clinton's April 1993 executive order directing federal agencies to exceed the AFV purchase requirements of the Energy Policy Act of 1992 has not increased the number of federal AFVs in Louisiana. There are 174 bi-fuel methanol vehicles in the New Orleans and Baton Rouge areas, but they are running on gasoline because there are no methanol refueling stations. The U.S. Postal Service plans to convert 90 vehicles to CNG in 1995, probably in Baton Rouge or New Orleans.

There are several federal programs designed to increase the use of alternative fuels. The Department of Energy (DOE) Clean Cities Program puts DOE in the role of a facilitator between city government and private businesses in implementing AFV programs. The DOE-sponsored National Alternative Fuels Hotline is an "800" number to assist anyone interested in improving their understanding of alternative fuels. The Hotline can give upto-date information on the various federal programs, funding, financing, and tax incentives designed to encourage the use of AFVs.

State government also offers incentive programs to encourage increased use of AFVs. Act 1060 of 1991 provides for a 20% tax credit for AFV purchases, certain conversion costs, and fuel dispensing facilities. The Energy Division of the Department of Natural Resources administers a low-interest revolving loan program to assist state and local governmental entities to convert a portion of their fleets to CNG, LPG, or LNG (liquefied natural gas).

While government is spearheading the drive to AFVs, private interests are also getting involved. In September the Louisiana Gas Association formed an NGV committee consisting of representatives of major gas suppliers to promote natural gas as a vehicle

fuel in the state. The committee will develop educational programs to increase public awareness of natural gas as an environmentally beneficial and economic vehicle fuel, provide conversion assistance, and encourage the expansion of the NGV refueling infrastructure. Each company has its own NGV program and is devoting considerable financial and human resources to insure that the fledgling Louisiana alternative fuels transportation industry is technically sound and economically selfsustaining.

Background

Motivation for Using Alternative Fuels

During the first three years of this decade two key pieces of federal legislation were enacted that set in motion the move to more widespread use of alternative fuels in motor vehicles. They were the Clean Air Act Amendments of 1990 (CAAA) and the Energy Policy Act of 1992 (EPACT). The alternative fuel provisions of these two laws are the prime movers pushing the states toward using cleaner-burning fuels in motor vehicles. The intent of the CAAA is to reduce air pollution and EPACT to lessen dependence on foreign oil as the source of the nation's transportation fuels. Both Acts mandate that certain public and private sector fleets use alternative fuel vehicles according to a strict schedule.

Additionally, most states, including Louisiana, have enacted their own laws mandating the greater use of alternative fuels with provisions that parallel, or exceed, the federal requirements. In 1990 the Louisiana legislature enacted two laws mandating the increased use of alternative fuels in certain motor vehicles. Act 927 required that as many as 80% of all vehicles in the state fleet be converted to operate on such fuels by 1998. At the same time, Act 954 was enacted to extend this requirement to all political subdivisions of the state. The two Acts actually exceed the targets of the CAAA and EPACT in that in addition to addressing the new vehicle purchase requirements mandated by the federal legislation, the conversion of certain existing vehicles to an alternative fuel is also required.

Acts 927 and 954 set the stage for the governor's executive order of March 29, 1993, directing the Louisiana Department of Natural Resources (DNR) to solicit bids for the conversion of the state government motor vehicle fleet to an alternative fuel that must be natural gas or derived directly from natural gas produced within the state. With Louisiana a major producer of natural gas, limiting the fuel option to natural gas was logical. On October 25, 1993, a contract was signed by the Governor, the Secretary of DNR, and the President of Ecogas of Louisiana, Inc., a wholly-owned subsidiary of Ecogas, Inc. of Austin, Texas, to convert a portion of the state motor vehicle fleet to run on natural gas produced from within the jurisdictional boundaries of the state. A seminar to explain the details of the program to the affected state agencies was held on October 28, 1993.

The New Terminology of the Alternative Fuels Transportation Industry^{1,2}

As the fledgling alternative fuels transportation industry evolves, a new terminology is unfolding. New terms are being introduced, and old ones are being redefined. In order to communicate precisely these terms should mean the same thing to everyone. That is not always the case today.

The terms *alternative fuel*, *clean fuel*, and *clean alternative fuel* are often used interchangeably, as are alternative-fuel vehicle and clean-fuel vehicle. However, when it comes to legislation, the definition of these terms can vary depending on the origin and purpose of the legislation. Furthermore, in Louisiana, another term, *special fuels*, is used to define those alternative fuels (and diesel fuel) that are covered under the state's Special Fuels Tax Law.

As defined by Acts 927 and 954, "alternative fuels shall include compressed natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity and any other fuels which meet or exceed federal Clean Air Act standards." As defined pursuant to EPACT, alternative fuels are methanol, denatured ethanol, and other alcohols; mixtures consisting 85% or more by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas, hydrogen; coal-derived liquid fuels; fuels (other than alcohol) derived from biological material; and electricity. As defined by the CAAA, a clean fuel is **any**fuel or power source that enables a vehicle to emit less pollution than would be the case with conventional gasoline or diesel. These include alternative fuels and reformulated gasoline and diesel.

Louisiana's *Special Fuel Tax* law does not specifically name those motor vehicle fuels that are "special". Instead it refers the reader to a section of the state's gasoline tax law that is equally bewildering. A check with the Department of Revenue and Taxation revealed that gasoline and gasohol are considered "gasoline" under the gasoline tax law. All other motor fuels now in use in the state, including diesel, are considered *special-fuels*. The current tax rate is given *per gallon*, which means *the energy equivalent of a gallon of gasoline*.

The terms *bi-fuel* and *dual-fuel* are often used interchangeably when referring to vehicles that can operate on an alternative fuel and/or conventional gasoline or diesel. However, recent DOE publications on alternative fuels have made a clear distinction between the two terms. A bi-fuel AFV operates on either an alternative fuel or conventional gasoline, using only *one fuel at a time*. A dual-fuel AFV operates on combinations of the alternative fuel with gasoline or diesel fuel that are injected into the combustion chamber *at the same time*. In each case two separate fuel tanks are required. Any AFV that uses natural gas as the alternative fuel is referred to as an NGV. A *dedicated vehicle* is designed to operate solely on one alternative fuel.

Discussion

Alternative Fuel Provisions of the Clean Air Act Amendments of 1990 (CAAA)¹⁻⁶

The intent of the alternative fuel provisions of the CAAA is to reduce air pollution. Since conventional gasoline produces more air pollutants than clean alternative fuels, the CAAA requires the use of these fuels on certain vehicles according to a strict schedule. Vehicles covered and the compliance schedule are as follows:

A. Vehicles covered include public and private fleets of 10 or more light-duty vehicles (up to 8,500 lbs.) and heavy duty vehicles (up to 26,000 lbs.) capable of central refueling when based in an ozone non-attainment area that is classified under the Act as Serious, Severe, or Extreme based on data for calendar years 1987, 1988, and 1989; and carbon monoxide (CO) non-attainment areas with a design value at or above 16.0 parts per million (ppm) based on data from 1988 and 1989. In addition, the areas must have had a 1980 population of 250,000 or more.

B. The compliance schedule requires that fleet operators must begin purchasing clean-fuel vehicles in model year 1998 when replacing existing vehicles with new ones. The minimum purchase requirements of passenger cars and light duty trucks is 30% in 1998, 50% in 1999, and 70% in the year 2000. For heavy duty trucks it is 50% for all three years.

There are no CO non-attainment areas in Louisiana. Among the 22 cities in the U.S. that are classified as Serious, or worse, ozone non-attainment areas under the CAAA, the only Louisiana city is Baton Rouge, which includes the surrounding parishes of East Baton Rouge, West Baton Rouge, Livingston, Iberville, Point Coupee, and Ascension. The area is considered a Serious ozone non-attainment area based on 1989-90 conditions. Additional Louisiana cities may be added to the list based upon more current data. On the other hand, under another provision in the law Baton Rouge could be reclassified to a less serious category if the EPA could be convinced the area's ozone level had been reduced below the Serious threshold. This appears unlikely as Baton Rouge has exceeded the CAAA threshold limit on several occasions this past summer.

The Louisiana Department of Environmental Quality (DEQ) is responsible for the implementation of the CAAA on the state level. On July 13, 1994, DEQ emergency rule AQ78E became effective to satisfy the CAAA requirements. The rule sets up an elaborate vehicle inspection/maintenance program in the six - parish area around Baton Rouge for the control and abatement of motor vehicle emissions from internal combustion engines. However, a legislative resolution prohibits use of state funds for the program. On August 22 the legislature approved another resolution urging the attorney general to take legal action so the Baton Rouge area will not have to develop the expensive program.

On September 15 DEQ Emergency Rule AQ80E went into effect for the six-parish Baton Rouge area. The rule follows the CAAA, which requires implementation of a Clean Fuel Fleet program in ozone non - attainment areas. The rule requires a program under which covered fleet operators would have to phase in use of alternative fuels in accordance with

the provisions of the CAAA and prescribes associated fees on covered fleets to enable DEQ to administer the program. The fees are based on the size of the fleet and range from \$300 to \$1000. The rule remains in effect for a maximum of 120 days or until a final rule is promulgated, whichever occurs first. A legislative oversight committee must approve the rule for it to become final.

For more information about this program and DEQ's other programs, policies, and regulations regarding the CAAA contact DEQ as follows:

Ms. Teri Lanoue Office of Air Quality, DEQ P.O. Box 82135 Baton Rouge, Louisiana 70884-2135 Phone: 504/765-0905

Alternative Fuel Provisions of the Energy Policy Act of 1992 (EPACT)²

The intent of EPACT is to lessen dependence on foreign oil as the source of the nation's transportation fuels. In order to displace foreign oil certain provisions of EPACT, like the CAAA, mandate the use of alternative fuels in vehicles covered by the law. The vehicles covered and the compliance schedule are as follows:

- A. Vehicles covered include federal fleets; state and local government fleets; fleets operated by alternative fuels producers, distributors, and marketers (including gas and electric utilities); and some private fleets consisting of at least 50 vehicles nationally, with at least 20 vehicles that can be centrally fueled and are operated in a major metropolitan area with a 1980 population of at least 250,000.
- B. Separate compliance schedules apply for fleets operated by the federal and state governments and fuel providers. There are potential requirements for private companies and municipal governments if a prescribed number of AFVs are not voluntarily included in their fleets by certain dates. The percentage requirements and effective model year dates for covered Louisiana fleets are as follows for any new purchases in each specified year:
- 1. State Government: 10% in 1996, 15% in 1997, 25% in 1998, 50% in 1999 and 75% in the year 2000 and thereafter.
- 2. Alternative Fuel Provider: 30% in 1996, 50% in 1997, 70% in 1998, and 90% in 1999 and thereafter.
- 3. Municipal/Private: 20% from 1999 through 2001, 30% in 2002, 40% in 2003, 50% in 2004, 60% in 2005, and 70% in 2006. These are *voluntary* acquisitions, but DOE may *require* them if the agency finds the number of AFVs is unlikely to be met voluntarily.
- C. Businesses or individuals can get a tax deduction for purchasing new AFVs ranging from \$2,000 for automobiles and trucks that weigh up to 10,000 lbs. up to \$50,000 for trucks over 26,000 lbs. Tax deductions for businesses installing fueling stations are

allowed up to a \$100,000 ceiling. The tax deductions began June 30, 1993, and start to phase out in 2001, ending in 2004.

In Louisiana, the Baton Rouge, New Orleans, and Shreveport metropolitan areas would fall under the jurisdiction of EPACT in that each area has a population of at least 250,000.

If a fleet is covered under both the CAAA and EPACT, it is required to conform to both laws. If covered, the percentages apply *only to the new vehicles purchased during that year*. Converted vehicles can be used to meet percentage requirements.

The information presented above on the CAAA and EPACT is only an portion of the provisions contained in the two pieces of legislation. The full text of the original legislation should be consulted as the final authority.

DOE "Clean Cities Program"

The *Clean Cities Program* was established by the DOE to facilitate voluntary cooperation among metropolitan (city) governmental and private entities in promoting AFVs in significant quantities, along with essential refueling and maintenance facilities, to insure an economically selfsustaining AFV infrastructure. DOE will assist in adapting a metropolitan area's existing AFV programs and local objectives into an implementation plan and, upon completion, will enter into a memorandum of understanding (MOU), with area entities to conduct a Clean Cities Program. The Clean Cities Regional Contact is as follows:

U.S. Department of Energy Dallas Support Office 1420 West Mockingbird Lane, Suite 400 Dallas, Texas 75247 Phone: 214/767-7182

While the program is available to any size city, the DOE is soliciting interest in the program from those metropolitan areas affected by EPACT and has invited Baton Rouge, New Orleans, and Shreveport to participate. Baton Rouge, which is also a Serious ozone non - attainment area under the CAAA, is especially being encouraged to participate. So far none of the three cities have committed to the program.

The National Alternative Fuels Hotline8

The U.S. Department of Energy (DOE) is sponsoring an "800" telephone number National Alternative Fuels Hotline for Transportation Technologies to assist the general public and interested organizations in improving their understanding of alternative fuels. DOE is currently sponsoring one of the largest alternative fuel programs in the world -- funding the government purchase of fleet AFVs, providing funds for the Alternative

Fuels Data Center at the National Renewable Energy Laboratory in Golden, Colorado, and working with engine manufacturers, fuel suppliers, and others to develop new technologies.

The Hotline number is **1-800-423-1363.** The address, local phone number, and FAX number are as follows:

National Alternative Fuels Hotline for Transportation Technologies P.O. Box 12316 Arlington, Virginia 22209 Local Phone: 703/528-3500

FAX: 703/528-1953

Louisiana's Choice - CNG and LPG^{9,10}

Most AFVs now used in Louisiana operate on CNG or LPG. A few are capable of operating on M85 (85% methanol and 15% gasoline) or LNG. Most AFVs are fueled by LPG, but CNG use is incressing rapidly at the same time LPG use is declining. Official state government policy favors alternative fuels derived from natural gas, and most new conversions are to CNG. This policy is rooted in the rationale that the production of natural gas plays a major role in the state's economy and is a clean fuel as well. The trend toward CNG is clear as indicated by the following table, which shows the number of vehicle issued special fuels decals by the Louisiana Deptartment of Revenue and Taxation according to fuel type since the 1992 fisical year.

Louisiana Deptartment Of Revenue And Taxation Special Fuels Tax Decals Number Of Vehicles Registered By Fuel Type

Fiscal Year*	LPG Fuel	CNG Fuel
1992-1993	1,509	204
1993-1994	1,419	250
1994-1995**	1.036	326

^{*}Fiscal year runs from July 1 through June 30 of the following year.

**Through 9/7/94 for registrations beginning 7/1/94.

Note: Decals are issued for a one year period and must be renewed annually. Compared to the over four million automobiles, trucks, and busses registered in Louisiana, the number of AFVs, at 1362, is indeed tiny. However, the number of AFVs is certain to increase considerably over the next three years as fleet owners implement AFV purchase or conversion programs to comply with legislatively mandated deadlines.

Economic Factors Of Using CNG¹¹

While compliance with federal and state legislation is the primary reason for converting to an alternative fuel, reducing operating costs is also a goal. Fuel costs are lower than gasoline, but that advantage is somewhat offset by a restricted driving range and some power loss with bi-fuel vehicles. On an equivalent energy content basis the cost of CNG should be 20 to 50% less than gasoline if the cost savings are passed along to the vehicle operator.

CNG conversion kits cost anywhere from \$2,500 to \$4,000. The cost of a new dedicated CNG vehicle is \$800 - \$3,000 more than a comparable gasoline model. To help offset the cost, the federal government has set up financial incentives for individuals converting their own vehicles and companies converting fleets. Under EPACT, a person or business can take a tax deduction of up to \$2,000 for a passenger vehicle and up to \$50,000 for a heavy-duty truck.

The cost of a "fast-fill" refueling station capable of handling about 300 cars a day with an eightminute fillup time could be \$300,000 to \$400,000. It is unlikely that these facilities will be built with private capital except in high population, urbanized areas where demand is sufficient to warrant the investment. This is a classic "chicken and egg" situation. Demand will not materialize unless there is a fueling infrastructure, but the fueling infrastructure will not be developed unless sufficient demand can justify it. To encourage infrastructure development, EPACT provides for a tax deduction of up to \$100,000 for refueling facilities.

Ultimately, the economic feasibility of conversion depends on how long a payback period the fleet owner is willing to accept for the savings in fuel costs to pay for the additional capital cost of conversion. This period will vary with the particular scope of the conversion program.

CNG Gasoline-Equivalent Standard Proposed¹²

As the fastest growing alternative fuel in the U.S. today, there is a need for a universally accepted CNG-gasoline equivalency standard on which to base commercial transactions. A working group of the National Conference on Weights & Measures (NCWM) has recommended that NCWM define the gasoline-gallon equivalent of CNG as one gasoline gallon equal to 5.660 lbs. of CNG. This sets the stage for how CNG will be metered and measured at retail dispensing pumps. The working group included state and federal weights and measures officials, representatives of the U.S. Department of Energy, automobile manufacturers, CNG distributors, the American Automobile Association, American Petroleum Institute, Natural Gas Vehicle Coalition, and consumer groups. The proposal will likely be finalized at the next NCWM meeting in January 1995.

The LGA is a nonprofit organization that consists of natural gas pipeline and distribution companies, municipalities, governmental gas districts, master meter operators and suppliers to the natural gas transporters and distributors. Its activities include educational, public relations, and legislative support for its members as well as promoting the use of natural gas

For each of the past four years the LGA has provided the mechanical engineering department of the University of Southwestern Louisiana with a \$1000 grant to study natural gas vs. other fuels as transportation fuels. Plans are to extend the grant to all engineering schools within the state. The basic research findings produced with this money can provide the justification for obtaining additional funds from other sources to continue the research. For more information about this program and other LGA activities contact

Mr. Danny Hebert, Treasurer Louisiana Gas Association P.O. Box 550

New Iberia, Louisiana 70562-0550

Phone: 318/364-8111 FAX: 318/373-5220

In September the LGA formed an NGV committee to promote natural gas as a vehicle fuel in Louisiana. The committee will develop educational programs to increase public awareness of natural gas as an environmentally beneficial and economic vehicle fuel, provide conversion assistance, and encourage the expansion of the NGV refueling infrastructure. It will also assist other groups with similar goals. The committee chair is Robert Borne of GSU; its members are listed below.

Catherine Rue

Entex

P.O. Box 2868

Lake Charles, LA 70602-2868

Phone: 318/475-6363

Robert A. Borne, NGV Projects

Gulf States Utilities P.O. Box 2431

Baton Rouge, LA 70821

Phone: 504/379-5252

Wendell Fontenot, Div. Marketing Mgr.

Extex

P.O. Box 550

New Iberia, LA 70562 Phone: 318/373-5243 William L. Link, Sr. Customer Dypmnt Spclst.

Arkansas Louisiana Gas Company

P.O. Box 21734

Shrevepport, LA 71151 Phone: 318/429-4180

Frank J. Marino V.P. Marketing

Trans Louisiana Gas Co.

P.O. Box 4331

Lafayette, LA 70502-4331

Phone: 318/268-4407 or 800/252-3323

Michael St. Romain, Marketing Director

South Coast Gas Co., Inc.

P.O. Box 470

Raceland, LA 70394 Phone: 504/537-5281

Public Acceptance of CNG^{15,16}

There has been little demand for personal NGVs by the general public, and for good reason. Two formidable obstacles exist to discourage consumer acceptance. The \$2,500-\$4,000 cost of conversion of an existing automobile is high, and a convenient network of public access refueling stations is not in place yet. It is unlikely an individual could drive enough miles to generate the fuel savings it would take to pay for his investment over a reasonable period of time. Simply put, for an individual it is usually neither cost effective or convenient in today's market and infrastructure picture

However, there are indications that the CAAA, EPACT, and state fleet conversion laws and programs are starting to make an impact in establishing a self-sustaining fueling infrastructure for fleet operated vehicles. During the past year the number of new public-access refueling stations has more than doubled to seven from only three (See Appendix A for a complete listing), and two more stations mill be opened by Ecogas by the end of the year. Under their contract with the state the company is committed to at least four more stations. One is planned for Lake Charles and another in Lafayette. The other two will be located in areas where sufficient demand can support them. Ecogas may increase the number of stations beyond those required by its contract if it is economically justifiable to do so.

Furthermore, at the September 28 dedication ceremony for the new Fuelman/Entergy CNG refueling station in Baton Rouge, company officials indicated three or four more stations are in the planning stages for Baton Rouge in anticipation of sharply increased demand for CNG by fleets affected by EPACT and Baton Rouge's designation as a Serious ozone non-attainment area under the CAAA. The clean air mandate could affect between 14,000 and 20,000 vehicles in the Baton Rouge area.

In the northwestern part of the state, the Southwestern Electric Power Company (SWEPCO) of Shreveport would like to build three public-access CNG refueling stations in the Shreveport/Bossier area if approval to locate the stations on property not owned by the company can be obtained from the Securities and Exchange Commission (SEC). SWEPCO must get SEC approval because its parent company, Dallas-based Central and South West Corporation, is a registered public utility holding company as defined by Public Utility Holding Company Act of 1935. With this designation the company is required to apply for and receive approval from the SEC for any new venture outside its traditional utility business.

LPG (Propane) as an Alternative Fuel^{2,9,11,17}

LPG is the most widely used alternative fuel in the world. About 3.5 million on and off-road vehicles world-wide and 350,000 in the U.S. are running on LPG. As of September 7, 1994, Louisiana had 1036 vehicles registered as fueled by LPG. Exhaust emissions of hydrocarbons are not much lower than those from gasoline engines but are less reactive, thus producing ozone benefits. Stored as a liquid, its storage tank is not much larger than a gasoline tank to yield the same range. Its retail price and operating cost varies but has

been favorable enough over the years to maintain a secure position as a motor fuel without any government financial incentives to use it. Since LPG fueled vehicles are fueled solely by LPG, they are dedicated AFVs.

Conversion is a well - established technology that has been available commercially for over 60 years and is readily available in Louisiana. LPG conversion kits cost from \$1,500 to \$2,000. Propane is also widely used for space and water heating. It is distributed nationwide by pipeline or truck and can be obtained at over 600 refueling stations in Louisiana.

LPG is a byproduct of natural gas production and crude oil refining. Neither gas or refinery production in the U.S. is expected to increase much in the foreseeable future so any significant increase in LPG demand could increase prices substantially. Furthermore, additional supplies would have to be obtained from foreign sources, which is counter to the intent of EPACT to lessen dependence on foreign oil. Notwithstanding LPG's favorable technical characteristics as an alternative fuel, these constraints will likely limit its role as a major alternative fuel source.

The industry is represented by the Louisiana Propane Gas Association (LPGA), chartered in 1940. Its overall mission is to promote and develop the use of LPG in Louisiana so that it may serve the best interests of the public. The LPGA does not have an official program promoting propane as a motor fuel. For more information contact:

Mr. Charles Fuller, Executive Director Louisiana Propane Gas Association P.O. Box 339 Dubach, Louisiana 71235 Phone and FAX: 318/777-8475

Transportation Fuel Excise Taxes Applied to Alternative Fuels⁹

Motor fuel taxes play a significant role in the price differential between conventional and alternative fuels. The *Omnibus Budget Reconciliation Act of 1993*, signed into law by President Clinton on August 10, 1993, increased the federal excise tax on gasoline, diesel fuel, gasohol, and other transportation fuels by 4.3ϕ /gallon, effective October 1, 1993. Alternative fuels are also taxed at the same rate per gallon. For the first time CNG is also subject to the tax at an energy equivalent of a gallon of propane instead of gasoline. On an energy equivalent basis the CNG tax is about 5.9ϕ /gallon of gasoline, making it higher than the 4.3ϕ /gallon increase on gasoline. However, even with this new federal tax, natural gas is still taxed at a lower rate than both gasoline and diesel. The new federal rates on gasoline, diesel, and gasohol are now 18.30, 24.40, and 13.00ϕ /gallon, respectively. The state tax remains at 20.00ϕ /gallon for all three fuels. The federal excise tax on the two new ethanol blends of 7.7% and 5.7% that qualify for the federal ethanol production subsidy is 14.24 and 15.32ϕ /gallon, respectively.

The total state excise tax on *all* motor fuels, conventional and alternative except CNG, LPG, and LNG, is $20\phi/\text{gallon}$. This rate is the sum of the $16\phi/\text{gallon}$ rate specified in the

gasoline tax law and the special fuels tax law, plus the 4¢/gallon rate specified in the *Transportation Infrastructure Model for Economic Development Law of 1989 (TIMED)*. The tax applies to all private and public entities, including state agencies and local governmental bodies.

The tax on CNG, LPG, and LNG is based on the total rate and can be paid annually at a flat rate of 80% of \$150.00, based on a 16ϕ /gallon total rate, or a variable rate of 80% of the current total rate. For example, since the total current rate is 20ϕ /gallon, the present annual flat rate is \$150.00 (\$150.00 x 200/160 x 80%); and the variable rate is 16ϕ /gallon (20ϕ x 80%). The variable tax computation shall be based on estimated fuel efficiency of 12 miles/gallon, but not to exceed the annual flat rate. For the purpose of determining the amount of the tax and enforcement, the number of gallons of fuel used the previous year shall be determined by using a schedule for calculating the number of miles per gallon for the type of vehicle in question.

The state excise tax on owners of school buses operating on CNG, LPG, or LNG is the lesser of one-half of the above annual or variable rates.

Progress Report on Ecogas Contract with the State of Louisiana¹⁸

Executive Order No. EWE 93-9, of March 29, 1993, by Governor Edwin Edwards, directed DNR to solicit bids to convert to natural gas a minimum of 500 vehicles and up to 1500 vehicles, which is approximately 25% of the state on-road vehicle fleet. Ecogas of Louisiana was selected by competitive bid to make the vehicle conversions and ultimately build eight CNG/LNG refueling stations accessible to the general public as well as to state government vehicles. Under the seven year contract, Ecogas finances all conversions and stations, recouping their costs through a surcharge on the fuel. The program is administered in DNR by the Technology Assessment Division.

The converted vehicles will all be bi-fuel. All vehicles converted so far are using CNG, but vehicles that require longer cruising ranges and have a high road use time will be converted to use LNG. Ecogas has subcontracted conversions in Baton Rouge to American Natural Gas Power, and in New Orleans to ExproFuels. Two conversion centers have been operating since February. The Baton Rouge center is at 13123 Choctaw Drive, near Flannery Road, and the New Orleans area center is in Metairie at 5425 Powell Street.

The project is proceeding in two stages. Stage one, which has been completed, is the conversion of the first 100 vehicles in the Baton Rouge to New Orleans corridor, where there is a high concentration of vehicles. As of September 30 the number of vehicles converted totalled 141.

Stage two is the conversion of the next 400 vehicles. So far, out of the state's 6,000 onroad vehicles, 2,500 have been identified as potential candidates for conversion. Of these,

625 have been earmarked for conversion. Additional conversions depend on the whether the state exercises its option to convert up to 1500 vehicles.

There are presently two refueling stations in operation. One is located in Baton Rouge in the north parking lot of the Louisiana Department of Transportation and Development (DOTD) building, near the Governor's mansion. The other one is in Harahan in the Elmwood industrial park at 1200 Edwards Avenue near the foot of the Huey Long bridge. The Harahan station is about two blocks from the conversion center. Both stations presently dispense only CNG, but LNG should also be available by November. A fuel card assigned to a specific state vehicle must be used when refueling.

Two additional stations are slated to be operational by the end of 1994. Both will dispense CNG and LNG. One will be in Baton Rouge in the vicinity of the DEQ headquarters, which is located in the Jimmy Swaggart Ministries complex on Bluebonnet Boulevard. The other one will be in the New Orleans area on the West Bank at the intersection of LaPalco and Ames streets in Marrero. All four Ecogas stations will be manned during operating hours and be open to the public.

The first refueling station to be located outside the Baton Rouge/New Orleans area is planned for the Lake Charles area, probably along the 1-10 corridor. For the duration of the contract, the price of natural gas delivered into state vehicles on a gasoline equivalent gallon basis will be 99ϕ /gallon, which includes a 23ϕ /gallon surcharge to defray the cost of conversion. Once the conversion cost has been recouped by Ecogas, the price to the converted vehicles is reduced to 76ϕ /gallon. State vehicles outside the Ecogas contract (such as existing vehicles already converted to LNG or CNG, or new vehicles purchased already equipped for natural gas) will refuel at the 76ϕ /gallon price.

Requests for more information from DNR or Ecogas should be directed as follows:

Mr. William J. Delmar

Technology Assessment Division, DNR

P.O. Box 94396

Baton Rouge, Louisiana 70804-9396

Phone: 504/342-5053 FAX: 504/342-2707 Mr. Mark Schultz, Technical Manager

Ecogas of Louisiana, Inc.

5800 One Perkins Place, Suite 5D

Baton Rouge, Louisiana 70808

Phone: 504/767-3500 FAX: 504/767-3556

Progress Toward AFV Use by Municipal and Parish Governments¹⁹⁻²³

State law (Act 954) requires that 30% of parish and municipally owned vehicles have the capability to operate on an alternative fuel by September 1, 1994. Most officials have sought and received waivers of the deadline based on provisions in the law that allow that the conversion target date schedule may be waived if there is no alternative fuel source or the cost of conversion is uneconomic.

However, the CAAA and EPACT are more stringent than the state legislation, and some covered fleets may be required to convert at least 10% of their vehicles by model year 1996. Because EPACT covers those areas with a population of at least 250,000, many

government and certain private vehicle fleets in the Baton Rouge, Shreveport, and New Orleans metropolitan areas will be affected.

The projects now being undertaken by city and parish governmental bodies are bi-fuel or dual fuel CNG/gasoline or diesel conversions of existing vehicles. They include the following:

- Lafayette Parish School Board: 43 vehicles; 6 to be completed in 1994.
- East Baton Rouge Parish School Board. One school bus under a pilot program. Conversion of 40 more vehicles is under consideration.
- East Baton Rouge Parish Department of Public Works: Soliciting bids in November for CNG fast-fill fueling station to serve 165 vehicles to improve air quality. Will also convert 65 vehicles. Cancelled order for 110 OEM General Motors vehicles because of GM's suspension of its bi-fuel NGV program.
- St. Charles Parish School Board. 40 school busses. Application for DNR revolving loan pending.
- Jefferson Parish: Up to 350 vehicles in lots of 25 at a time; so far 25 converted.
- *Morgan City Department of Public Works:* CNG fueling facility for 20 vehicles to be operational mid-September. Vehicles to be converted in-house.
- City of Sherveport: 60 vehicles already converted to CNG; 50 more to be converted.
- Caddo Parish: Two CNG vehicles now operating; 20 more to be converted.

Progress Toward AFV Use by Federal Agencies in Louisiana^{1,23}

In April 1993 President Clinton issued Executive Order 12844 directing federal agencies to increase EPACT national AFV purchase requirements for 1994 from 7,500 to 11,250 and for 1995 from 10,000 to 15,000 pending the availability of funds and life cycle cost considerations. Nevertheless, only one federal AFV in the whole state is actually operating on an alternative fuel - a CNG van in New Orleans.

In addition to the van, the GSA (Government Services Administration) says there are 174 bifueled methanol/gasoline AFVs in the state. The methanol fuel is a mixture of 85% methanol and 15% gasoline called M-85. New Orleans has 112 of the AFVs and Baton Rouge 62. Plans for an M-85 refueling source fell through so the vehicles are running on straight gasoline. The U.S. Postal Service does not have any AFVs in Louisiana at the present time, but plans to convert 90 vehicles to CNG in 1995. These will be located in Baton Rouge and/or New Orleans depending on the proximity of a commercial refueling station. Barksdale Air Force Base had 18 OEM NGVs on order, but they were put on hold due to the suspension of General Motors bi-fuel NGV program.

Summary of Current Louisiana Alternative Fuels Legislation

Act 927 of 1990 requires that 30% of new state agency vehicles must have a clean-fuel capability by September 1, 1994. The mandate increases to 50% in 1996. The Secretary

of DEQ shall review the program by December 31, 1996, and if the program is considered effective at reducing emissions, at least 80% of the fleet must be capable of using alternative fuels by September 1, 1998. The vehicles can be leased or purchased, or existing state vehicles can be converted. The law provides two exceptions. If there is no alternative fuel source or if conversion to alternative fuels is more expensive than conventional fuels, the conversion targets may be waived.

Act 927 also gives the DNR Office of Conservation regulatory authority over CNG safety including refueling stations and the installation of conversion equipment in a vehicle. The regulations were adopted in January of 1992 as LAC Title 43, Part XI, Subpart 5, Chapter 25, Paragraphs 2501- 2541. All questions pertaining to them should be directed as follows:

Louisiana Department of Natural Resources Office of Conservation, Pipeline Division P.O. Box 94275 Baton Rouge, Louisiana 70804-9275 Phone: 504/342-5513 or 5516

The Act also directs the Louisiana Liquefied Petroleum Gas Commission to make safety inspections on vehicles equipped for and capable of using LPG.

Act 954 of 1990 has the same provisions for vehicles of political subdivisions of the state as Act 927 does for state government vehicles. Instead of DEQ reviewing the program by December 31, 1996, the governing authority of each political subdivision does it.

Act 531 of 1990 deregulates the price of natural gas for use in vehicles capable of using CNG as a motor fuel.

Act 1060 of 1991 provides an income tax credit for AFVs and fueling infrastructure costs. A tax credit can be claimed for 20% of the cost of the equipment to modify a gasoline fueled vehicle to use an alternative fuel as well as property which is directly related to the dispensing of the fuel. In the case of a vehicle originally equipped to operate on an alternative fuel, if "the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of twenty percent of ten percent of the cost of the motor vehicle or one thousand five hundred dollars."

Act 516 of 1991 provides for an alternate method of paying the Special Fuels Tax on CNG, LPG, and LNG, when used as a motor vehicle fuel.

Act 169 of 1992 primarily provides that the tax credit as provided for in Act 1060 for the purchase of qualified clean burning motor vehicles or for certain costs incurred to convert motor vehicles to use certain alternative fuels shall apply only to vehicles registered in Louisiana.

Act 1067 of 1992 creates the Louisiana Natural Gas Marketing Commission within DNR to promote and market gas in general. One of its duties is to develop incentives for the conversion of fleet and other vehicles to natural gas.

Act 666 of 1993 reduces the Special Fuels Tax rate previously provided by Act 516 to an annual flat rate of \$150.00 or a variable rate of 16ϕ /gallon based on the present total tax of 20ϕ /gallon.

Act 7 of 1994 lowers the Special Fuels Tax for owners of school buses to one-half the rate specified in Act 666.

Acts 516, 666, and 7 above are recent legislation that has been incorporated in the state's *Special Fuel Tax Law of 1964: R.S. 47:801 to 47:815*. As amended through the 1994 Regular Session, the law now levies a 16¢/gallon excise tax on alternative vehicle fuels and prescribes the method of collection, which includes paying an annual flat rate for CNG, LNG, or LPG. Application forms and additional information may be obtained from:

Louisiana Department of Revenue and Taxation Excise Taxes Division P.O. Box 201 Baton Rouge, Louisiana 70821-0201

Phone: 504/925-7656

The *Transportation Infrastructure Model for Economic Development of 1989 (TIMED): R.S. 47:820.1 to 47:820.6*, as amended through the 1994 Regular Session, levies an additional 4¢/gallon tax on all motor vehicle fuels already subject to the 16¢/gallon tax. This tax added to the gasoline and Special Fuels Tax gives a total tax of 20¢/gallon. This tax is levied, collected, and administered in the same manner as the gasoline and Special Fuels Tax, but the proceeds must be used solely to fund the TIMED program. The TIMED program itself is not relevant to the subject of alternative fuels.

In addition to the above legislation, Governor Edwards' Executive Order EWE 93 - 9 of March 29, 1993, ordered the conversion of approximately 25% of the state's motor vehicle fleet to natural gas.

The complete text of Executive Order EWE 93 - 9; Acts 927, 954, 531, 1060, 169, and 1027; and CNG regulations is provided in Appendix B. The complete text of the Special Fuels Tax and the fuel tax portion of TIMED, as amended through the 1994 Regular Session, is also included in Appendix B. However, historical and statutory notes are not included so the original documents should be consulted as the final authority.

Louisiana Alternative Fuels Conversion Revolving Loan Program

In January 1994 DNR's Energy Division introduced a five year low-interest revolving loan program to assist state and local governmental agencies to convert a portion of their fleets to CNG, LPG, or LNG. The source of funds for the program is the Exxon

Petroleum Violation Escrow Fund, which is administered by DOE. At the present time \$3.1 million is available for conversions.

Two important changes in the program involving the interest rate and the eligibility of refueling stations have recently been made to increase the level of participation. The highlights of the program, including the recent changes, are as follows:

- 1. All state and local governmental entities, including school districts, are eligible to apply for loans.
- 2. CNG, LPG, and LNG are the only eligible fuels.
- 3. Eligible vehicles include retrofits only. There are no allowances for paying the difference between the costs of new regular vehicles and factory-equipped AFVs.
- 4. Loans for building refueling stations are eligible up to a maximum of \$100,000 to be provided by DNR.
- 5. Each participating entity will be limited to a maximum loan balance of \$100,000, and retrofits will be limited to \$3,000 per vehicle.
- 6. Payback of loans is based on estimated fuel savings, and payments will be made quarterly until the total amount of the loan is repaid. The payback time must be five (5) years or less.
- 7. Pending approval by the DOE the present interest rate of 3% will be reduced to zero. Approval is expected by the end of 1994. Administrative costs will be paid from funds approved for the program.
- 8. The funds will be transferred to participating entities by means of individual cooperative agreements.
- 9. Only certified conversion kits installed by a certified mechanic are eligible. Prior to payment by DNR, a safety inspection of converted vehicles must be made.

So far DNR has two loan applications pending. One is from the St. Charles Parish School Board for the conversion of 40 busses to CNG and the other is from the Caddo Parish Commission for 19 vehicles to be converted to CNG.

The program is described in detail in the Energy Division publication *Louisiana Alternative Fuels Conversion Program*. Requests for the publication and current application forms should be directed to:

Program Manager Louisiana Alternative Fuels Conversion Program Energy Division, DNR P.O. Box 44156 Baton Rouge, Louisiana 70804-4156

Phone: 504/342-4495 FAX: 504/342-1397

Ethanol In Louisiana

Historical Perspective

From 1984 through 1990 ethanol was Louisiana's alternative fuel of choice. The ethanol was blended with gasoline to form gasohol (gasoline containing 10% ethanol). The now nonexistent ethanol industry in Louisiana was spawned by federal and state subsidies enacted in the late 1970s and generously expanded through the mid-1980s in reaction to the energy crises of that era.

A total of 18 ethanol plants were seriously planned in Louisiana at one time or another. The size varied from less than a million gallons per year to 100 million. Nine plants were actually built, and the maximum number that operated at any one time was six. Although the total combined capacity of all the plants was 155 million gallons **per year** (MM GPY), actual total cumulative production was only 112 million gallons over the entire seven year period ethanol was produced in the state. Peak production of almost 32 million gallons occurred in 1986. Peak Louisiana gasohol consumption of 319 million gallons also took place that same year.

After the 1989 Legislature repealed all state ethanol subsidies, production ceased, and all the plants were shut down by December 1990. Gasohol consumption declined drastically, but has since rebounded considerably with gasohol made from ethanol produced in other states.

A comprehensive history of the ethanol industry in Louisiana is presented in DNR's November 1993 publication *Ethanol in Louisiana 1993*. If you would like a copy please write to:

Alan A. Troy, P.E., Senior Energy Engineer Technology Assessment Division Louisiana Department of Natural Resources P.O. Box 94396 Baton Rouge, Louisiana 70804-9396

Present Status^{24,25}

Two closed plants are still capable of operating and have a total capacity of about 77 MM GPY. They are the 35 MM GPY capacity Shepherd Oil plant near Jennings and the 42 MM GPY capacity Mississippi River Alcohol Corporation's (Missalco) plant near Belle Chase next to a grain terminal on the Mississippi.

According to Paul De Baillon, trustee for the bankrupt Shepherd Oil ethanol plant near Jennings, most of the equipment in the plant was sold to a Nebraska company at an auction on June 21 for \$4.2 million. He said another auction will be held to sell the rest. However, DEQ maintains there is an environmental liability associated with the site that was not included in the sale and may attempt to block the transaction until such responsibility is determined. Meanwhile, another company has offered to purchase the site and build a new ethanol plant utilizing a process that is economically feasible without any of the government subsidies for which ethanol production is notorious.

The Missalco plant has been in litigation over design performance since it was completed in 1986. It operated briefly in 1987. It is unlikely that the status of this plant will change until the litigation is settled.

Although ethanol is no longer produced in Louisiana, gasohol made with ethanol produced in other states is still widely used in the state as a motor vehicle fuel, Louisiana gasohol consumption bottomed out in 1990 at 39 million gallons, but has steadily risen to 86 million gallons in 1993 while gasoline consumption has remained virtually unchanged.

Effective January 1, 1993, the federal ethanol production subsidy for 10% ethanol blends was prorated for ethanol percentages of 7.7% and 5.5% to correspond to the oxygen content requirements of the Clean Air Act Amendments of 1990 and California's new requirements.

In December 1993 the EPA ruled that 30% of the oxygenate used in the reformulated gasoline required to be sold starting January 1, 1995, in nine cities with the worst air pollution must come from "renewable" resources. As a practical matter, this means ethanol because it is the only renewable that can be produced in the volumes needed to meet these goals. After protests from the oil industry and several public hearings, on July 13 the American Petroleum Institute and the National Petroleum Refiner's Association filed suit against the EPA claiming the mandate was illegal. On September 13 a federal appeals court suspended the EPA mandate altogether until the lawsuit can be considered on its merits.

Conclusion

Fueled by federal and state legislative mandates, Louisiana's public and private fleet owners have begun to convert their vehicles to alternative fuels. CNG has emerged as he alternative fuel of choice in Louisiana and the nation but other alternative fuels have their champions and political allies and cannot be counted out yet. The number of public access CNG refueling stations in the state is steadily increasing, and more are planned. Individual gas companies and the LGA are supporting the move to NGVs with their time and money in order to create an economically selfsustaining NGV infrastructure. Several federal and state tax incentive and loan programs designed to foster the use of AFVs by fleet owners and individuals have been initiated.

Public acceptance of AFVs as personal vehicles remains virtually nonexistent as the high cost of conversion and the continued lack of a refueling infrastructure as convenient as gasoline thwarts widespread participation. Since most gasoline is purchased by the general public for personal vehicles, a substantial shift to alternative fuels will only occur when the general public participates on a broad scale. At that time one or more fuels will emerge as preferable over others through the mechanism of the marketplace. Meanwhile,

we will continue to follow and report on new developments in subsequent editions of this report.

Appendix A Louisiana Public Access Fast-Fill CNG Refueling Stations (as of September 30, 1994)

]	Baton Rouge Area	
Name:	Ecogas of Louisiana, Inc. 1201 Capitol Access Road (DOTD Complex) Baton Rouge, LA	
Source:	LNG storage tank	
Access Hours:	7:00AM-6:00PM Mon-Fri	
Contact:	David Lieux, 504/767-3500	
Name:	Fuelman 4637 Florida Street Baton Rouge, LA 70805	
Source:	Entergy/GSU	
Access Hours:	24 hours with Fuelman Access Card	
Contact:	Robert Borne, Entergy Gas. Operations 504/379-5252	
Lafayette Area		
Name:	Shell-Marco Oil Co. Surrey & Evangeline Thruway Lafayette, LA 70503	
Source:	Trans Louisiana Gas Company	
Access Hours:	24 hours	
Contact:	Frank Marino 318/268-4407	

1	New Orleans Area	
Name:	Ecogas of Louisiana, Inc. 1200 Edwards Ave. Harahan, LA	
Source:	LNG storage tank	
Access Hours:	7:00AM-6:00PM Mon-Fri	
Contact:	David Lieux Baton Rouge Office 504/767-3500	
Name:	Shell Service Station 1141 Clearview Parkway Jefferson, LA 70121	
Source:	Louisiana Gas Service Co.	
Access Hours:	24 hours	
Contact:	Charlie Hellback or Keith Strassel 504/367-7000, Ext. 478	
Shreveport Area		
Name:	Choice Fuels 6130 Union Street Shreveport, LA 71130	
Source:	Arkansas Louisiana Gas Co.	
Access Hours:	24 hours with Card Access	
Contact:	Dennis Warden 318/673-8776	
Comments:	Owned by Southwestern Electric Power Co. (SWEPCO)	
Name:	Koerner's Mobile/CNG Services 2905 Youree Drive Shreveport, LA 71104	

Source:	Arkansas Louisiana Gas Co.
Access Hours:	6:30AM-8:00PM Mon-Sat 8:00AM-6:00PM Sunday
Contact:	Frank Koerner 318/865-5383

Appendix B

Current Louisiana State Government Initiatives Pertaining To Alternative Motor Vehicle Fuels

1. <u>Executive Order No. EWE 93 - 9</u>, of March 29, 1993, by Governor Edwin Edwards, ordering the conversion of the state's motor vehicle fleet to natural gas 2.

<u>Act 927 of 1990</u> provides for the conversion to alternative fuels of a certain percentage of state-owned vehicles, and for the regulation of compressed natural gas 3.

<u>Act 954 of 1990</u> provides for the conversion to alternative fuels of a certain percentage of vehicles owned by political subdivisions of the state 4.

<u>Act No. 531 of 1990</u> provides for the deregulation of direct sales of natural gas used in CNG fueled vehicles

5.

<u>Act No. 1060 of 1991</u> provides an income tax credit for conversion of vehicles to alternative fuels usage

6

<u>Act No. 169 of 1992</u> primarily provides that the tax credit as provided for in Act No. 1060 for the purchase of qualified clean burning motor vehicles or for certain costs incurred to convert motor vehicles to use certain alternative fuels shall apply only to vehicles registered in Louisiana

7.

<u>Act No. 1067 of 1992</u> creates the Louisiana Natural Gas Marketing Commission within DNR to promote and market natural gas, including the development of incentives to convert motor vehicles to natural gas

8.

<u>Special Fuels Tax Law</u>: R.S. 47:801 to 47:815, as amended through the 1994 Regular Session, levies a tax on alternative vehicle fuels and prescribes the method of collection

<u>Transportation Infrastructure Model for Economic Development of 1989 (TIMED): R.S.</u>

47:820.1 to 47:820.6, as amended through the 1994 Regular Session, levies an additional tax on all motor vehicle fuels

10.

<u>Compressed Natural Gas Regulations</u> of DNR, Office of Conservation, Pipeline Division, January 1992

STATE OF LOUISIANA EXECUTIVE DEPTARTMENT BATON ROUGE EXECUTIVE ORDER NO. EWE 93 - 9

WHEREAS:

the federal Clean Air Act Amendments of 1990, the federal Energy Policy Act of 1992, and applicable, existing state laws require and/or encourage the State to convert the State's vehicle fleet to an alternative fuel-using vehicle fleet; and

WHEREAS:

the State of Louisiana not only desires to comply with the applicable federal and state laws requiring conversion of state vehicles to alternative fuels but also desires to surpass these laws to the greatest extent possible; and

WHEREAS:

the State of Louisiana desires to set an example for the nation on the economics, viability, and advantages of utilizing alternative fuels, particularly natural gas, as a motor fuel; and

WHEREAS:

the State of Louisiana seeks to improve the overall efficiency of the State's vehicle fleet, to reduce the overall emissions of hydrocarbons and oxides of nitrogen where possible, to develop a long term means of reducing fuel and operating costs of the State vehicle fleet, and to take full advantage of the State's natural gas resources in fueling a portion of the State's vehicle fleet; and

WHEREAS:

in order to achieve the aforementioned goals, it is necessary for the Louisiana Department of Natural Resources to prepare and issue Requests for Proposals (RFP's) to solicit bids for the conversion of State motor vehicles to natural gas using vehicles to the maximum extent feasible;

NOW THEREFORE I, EDWIN W. EDWARDS,

Governor of the State of Louisiana, by virtue of the authority vested in me by the Constitution and laws of the State of Louisiana, do hereby order and direct the following in order to convert the State Motor vehicle fleet to a natural gas using fleet:

SECTION 1: Preparation and Issuance of Requests for Proposals

The Louisiana Department of Natural Resources shall prepare and issue Requests for Proposals (RFP's) to solicit bids for conversion of the State motor vehicle fleet to a natural gas using fleet to the maximum extent feasible.

SECTION 2: Alternative Fuels to be Used

The RFP's shall require that the alternative fuel used must be either natural gas or a direct derivative of natural gas. This shall include compressed natural gas (CNG), liquified natural gas (LNG), and liquified petroleum gas (LPG). Furthermore, the fuel supplied shall be made entirely from natural gas produced entirely within the state jurisdictional boundaries of Louisiana, to the extent legally possible.

SECTION 3: Initial Conversion Goal

The initial goal of this program shall be to convert a minimum of twenty-five percent (25%) of the State's vehicle fleet to natural gas using vehicles.

SECTION 4: Cooperation of State Agencies

A. All state departments, agencies, boards, commissions, authorities, task forces, and divisions shall cooperate with the Department of Natural Resources and/or their designee by providing the Department of Natural Resources with requested information, by responding to the RFP, and by cooperating in any other necessary manner.

B. After a contractor is selected, all state departments, agencies, boards, commissions, authorities, task forces, and divisions shall cooperate and participate to the greatest extent feasible with the contractor by providing data on fleets and vehicles for conversion, by providing data on the performance and use of vehicles after conversion to natural gas use, and by cooperating in any other necessary manner.

SECTION 5: Cooperation of the Louisiana Property Assistance Agency

The Louisiana Property Assistance Agency and, particularly, the State Motor Fleet manager, shall serve as a point of contact for the proposer and the Department of Natural Resources and shall assist the Department of Natural Resources in any other necessary manner.

SECTION 6: Effective Date

The provisions of this Executive Order are effective upon signature and shall remain in effect until amended, modified, or rescinded by operation of law.

IN WITNESS WHEREOF,

I have hereunto set my hand officially and caused to be affixed the Great Seal of the State of Louisiana, at the Capitol, in the City of Baton Rouge, on this 29th day of March, 1993. *Edwin Edwards*

GOVERNOR OF LOUISIANA
Fox McKeithen
SECRETARY OF STATE

ACT No. 927 of 1990 SENATE BILL NO. 2

BY MESSRS. NUNEZ, BANKSTON, CHABERT AND HAINKEL AND REPRESENTATIVES ANDING HOLDEN PATTI AND WARNER AN ACT

To enact Part X of Chapter 7 of Title 30 of the Louisiana Revised Statutes of 1950, consisting of R.S. 30:751 and 752, and R.S. 39:362.1, relative to alternative fuels; to provide for the regulation of certain alternative fuels; to provide for conversion to alternative fuels of a certain percentage of state owned vehicles; to provide for reports; to provide for standards: to provide exceptions, and to provide for related matters. Be it enacted by the Legislature of Louisiana;

Section 1 . Part X of Chapter 7 of Title 30 of the Louisiana Revised Statutes of 1950, consisting of R.S. 30:751 and 752, is hereby enacted to read as follows:

PART X. REGULATION OF COMPRESSED NATURAL GAS USED AS A VEHICULAR FUEL

§751. Definitions

As used in this Part, the following words and phrases shall have the meanings hereinafter ascribed to them:

- (1) "Assistant secretary" means the assistant secretary of the Office of Conservation of the Department of Natural Resources.
- (2) "Compressed natural gas" means natural gas designated for vehicular use that is under pressures exceeding twenty-four hundred pounds per square inch.
- (3) "Compression and conversion equipment" means all equipment used in the compression, storage, transmission, and decompression of natural gas for the purpose of powering motor vehicles.

§752. Regulation of compressed natural gas

The assistant secretary shall have the authority to regulate all activities related to the safety of compressed natural gas and shall establish by regulation minimum safety standards for compressed natural gas compression and conversion equipment including the installation and operation of such equipment. For vehicles equipped for and capable of using liquified petroleum gas, each vehicle shall first be inspected for safety of operation by an inspector of the Louisiana Liquefied Petroleum Gas Commission. Section 2. R.S. 39:362.1 is hereby enacted to read as follows:

§362.1. Purchase or lease of fleet vehicles: use of alternative fuels; exceptions

- A.(1) After September 1, 1991, the commissioner of administration shall not purchase or lease any motor vehicle for use by any state agency unless that vehicle is capable of and equipped for using an alternative fuel which results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates or any combination thereof which meet or exceed federal Clean Air Act standards. Alternative fuels shall include compressed natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity and any other fuels which meet or exceed federal Clean Air Act standards.
- (2) A state agency may acquire or be provided equipment or refueling facilities necessary to operate such vehicles using alternative fuels by any of the following methods:
- (a) Purchase or lease as authorized by law provided that the state shall recoup its actual costs, including finance charges, through reduced costs of operating such vehicles within forty-eight months of the purchase or lease.
- (b) Gift or loan of the equipment or facilities.
- (c) Gift or loan of the equipment or facilities or other arrangement pursuant to a service contract for the supply of alternative fuels.
- (d) Performance-based energy efficiency contracts under the provisions of R.S. 39:1496.1.
- (3) The commissioner may waive the requirements of this Subsection for any state agency upon receipt of certification supported by evidence acceptable to the commissioner that either of the following situations apply:

- (a) The agency's vehicles will be operating primarily in an area in which neither the agency nor a supplier has or can reasonably be expected to establish a central refueling station for alternative fuels.
- (b) The agency is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using alternative fuels at a projected cost that is reasonably expected to result in no greater net costs than the continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied. B.(1) The commissioner shall achieve the following percentages of vehicles capable of using alternative fuels by the times specified:
- (a) The percentage shall be equal to or greater than thirty percent of the number of fleet vehicles operated by September 1, 1994.
- (b) The percentage shall be equal to or greater than fifty percent of the number of fleet vehicles operated by September 1, 1996.
- (2) The secretary of the Department of Environmental Quality shall review this alternative fuel use program on or before December 31, 1996, and, if the secretary determines that the program has been effective in reducing total annual emissions from motor vehicles in the area, the commissioner shall achieve a percentage of fleet vehicles capable of using alternative fuels equal to or greater than eighty percent of the number of fleet vehicles operated by September 1, 1998, and thereafter.
- (3) The division of administration in its annual fiscal report to the legislature shall show its progress in achieving these percentage requirements by itemizing purchases, leases, and conversions of motor vehicles and usage of alternative fuels.
- C. The commissioner, in the development of the alternative fuel use programs, shall consult with state agency fleet operators, vehicle manufacturers and converters, fuel distributors, and others to delineate the vehicles to be covered, taking into consideration range, specialty uses, fuel availability, vehicle manufacturing and conversion capability, safety, resale values, and other relevant factors. In order to maximize the savings to the state, the commissioner shall attempt to the extent possible to first convert those vehicles that are used the most often for the most miles. The commissioner may meet the percentage requirements of this Section through purchase or lease of new vehicles or the conversion of existing vehicles, in accordance with federal and state requirements and applicable safety laws and standards, to use the alternative fuels.
- D. The commissioner may reduce any percentage specified or waive the requirements of Subsection (B) of this Section for any state agency upon receipt of certification supported by evidence acceptable to the commissioner that either of the following situations apply:
- (1) The agency's vehicles will be operating primarily in an area in which neither the agency nor a supplier has or can reasonably be expected to establish a central refueling station for alternative fuels.
- (2) The agency is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using alternative fuels at a projected cost that is reasonably expected to result in no greater net costs than the continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied. E. The provisions of this Section shall apply to any vehicles operated by law enforcement agencies or used as emergency vehicles but only to the extent deemed feasible after consultations and considerations of this Section provided in Subsections (C) and (D) and a proper determination made thereon as to the feasibility thereof.

F. The joint legislative committee on the budget shall exercise oversight over the implementation of the provisions of this Section.

Section 2. At no time shall the state enter into any program providing subsidies or incentive payments for the production of compressed natural gas, liquefied petroleum gas, reformulated gasoline, methanol, or ethanol.

Approved by the Governor, July 25, 1990.

Published in the Official Journal of the State:

August 17, 1990.

A true copy:

W. Fox McKeithen

Secretary of State

ACT No. 954 of 1990

SENATE BILL NO. 309

BY MR. NUNEZ AND REPRESENTATIVES ANDING AND HOLDEN

AN ACT

To enact Part XIII of Chapter 2 of Title 33 of the Louisiana Revised Statutes of 1950, to be comprised of R.S.33:1418, relative to vehicles owned by political subdivisions; to provide for conversion to alternative fuels of a certain percentage of vehicles owned by political subdivisions; to provide for standards; to provide exceptions; to provide definitions; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part XIII of Chapter 2 of Title 33 of the Louisiana Revised Statutes of 1950, comprised of R.S. 33:1418, is hereby enacted to read as follows:

PART XIII. GENERAL PROVISIONS

- §1418. Purchase or lease of fleet vehicles; use of alternative fuels; exceptions; definitions A.(1) A political subdivision may purchase or lease, after September 1, 1991, any motor vehicle, for use by any agency of the political subdivision, if that vehicle is capable of and equipped for using an alternative fuel which results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination thereof which meet or exceed federal Clean Air standards. Alternative fuels shall include compressed natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels which meet or exceed federal Clean Air standards.
 - (2) An agency of a political subdivision may acquire or be provided equipment or refueling facilities necessary to operate such vehicles using alternative fuels by any of the following methods:
 - (a) Purchase or lease as authorized by law.
 - (b) Gift or loan of the equipment or facilities.
 - (c) Gift or loan of the equipment or facilities or other arrangement pursuant to a service contract for the supply of alternative fuels.
 - (3) If such equipment or facilities are donated, loaned, or provided through other arrangement with the supplier of alternative fuels, the supplier shall be entitled to recoup

its actual cost of donating, loaning, or providing the equipment or facilities through its fuel charges under the supply contract.

- (4) The governing authority of a political subdivision may waive the requirements of this Subsection for any agency of a political subdivision upon receipt of certification supported by evidence acceptable to that governing authority that either of the following situations apply:
- (a) The agency's vehicles will be operating primarily in an area in which neither the agency nor a supplier has or can reasonably be expected to establish a central refueling station for alternative fuels.
- (b) The agency is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using alternative fuels at a projected cost that is reasonably expected to result in no greater net costs than the continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied. B.(1) Each political subdivision shall achieve the following percentages of vehicles
- B.(1) Each political subdivision shall achieve the following percentages of vehicles capable of using alternative fuels by the times specified:
- (a) The percentage shall be equal to or greater than thirty percent of the number of fleet vehicles operated by September 1, 1994.
- (b) The percentage shall be equal to or greater than fifty percent of the number of fleet vehicles operated by September 1, 1996.
- (2) The governing authority of each political subdivision shall review this alternative fuel use program on or before December 31, 1996, and, if the governing authority determines that the program has been effective in reducing total annual emissions from motor vehicles in the area, the governing authority shall achieve a percentage of fleet vehicles capable of using alternative fuels equal to or greater than eighty percent of the number of fleet vehicles operated by September 1, 1998, and thereafter.
- C. The governing authority of each political subdivision, in the development of the alternative fuel use program, shall consult with vehicle manufacturers and converters, fuel distributors, and others to delineate the vehicles to be covered, taking into consideration range, specialty uses, fuel availability, vehicle manufacturing and conversion capability, safety, resale values, and other relevant factors. The governing authority may meet the percentage requirements of this Section through purchase or lease of new vehicles or the conversion of existing vehicles, in accordance with federal and state requirements and applicable safety laws and standards, to use the alternative fuels.
- D. The governing authority of a political subdivision may reduce any percentage specified or waive the requirements of Subsection B of this Section for any agency of a political subdivision upon receipt of certification supported by evidence acceptable to the governing authority that either of the following situations apply:
- (1) The agency's vehicles will be operating primarily in an area in which neither the agency nor a supplier has or can reasonably be expected to establish a central refueling station for alternative fuels.
- (2) The agency is unable to acquire or be provided equipment or refueling facilities necessary to operate vehicles using alternative fuels at a projected cost that is reasonably expected to result in no greater net costs than the continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied.
- E. The provisions of this Section shall not apply to any vehicles operated by law enforcement agencies or used as emergency vehicles.

F. As used in this Part, "political subdivision" means a parish, municipality, and any other unit of local government, including a school board and a special district, authorized by law to perform governmental functions.

Section 2. At no time shall a political subdivision enter into any program providing subsidies or incentive payments for the production of compressed natural gas, liquefied petroleum gas, reformulated gasoline, methanol, or ethanol.

Approved by the Governor, July 25, 1990.

Published in the Official Journal of the State:

August 22, 1990.

A true copy:

W. Fox McKeithen

Secretary of State

ACT No. 531 of 1990

SENATE BILL NO. 3

BY MESSRS. NUNEZ AND BANKSTON AND REPRESENATIVES HOLDEN AND PATTI AN ACT

To amend and reenact R.S. 45:1163(A), relative to regulation by the Public Service Commission; to provide for deregulation of direct sales of natural gas used in certain motor vehicles; and to Provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 45:1163(A) is hereby amended and reenacted to read as follows:

§1163. Power to regulate rates and service; exceptions

A. The commission shall exercise all necessary power and authority over any street railway, gas, electric light, heat, power, waterworks or other local public utility for the purpose of fixing and regulating the rates charged or to be charged by and service furnished by such public utilities; however, no aspect of direct sales of natural gas by natural gas producers, natural gas pipeline companies, natural gas distribution companies, or any other person engaging in the direct sale of natural gas to industrial users for fuel or for utilization in any manufacturing process, or to any person for use in vehicles capable of using compressed natural gas which when combusted results in comparably lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates or any combination thereof shall be subject to such regulation by the commission. In addition, a schedule of rates of an electric cooperative shall not require approval of the commission if the schedule previously was approved by the board of directors of the electric cooperative and by the federal government or any agency thereof, nor shall the authority of the commission extend to the service rendered by electric cooperatives except to the extent provided in R.S. 45:123 and in orders of the commission promulgated to effectuate the purposes of R.S. 45:123.

Approved by the Governor, July 19, 1990.

Published in the Official Journal of the State:

August 7, 1990.

A true copy:

W. Fox McKiethen

Secretary of State

ACT No. 1060 of 1991

SENATE BILL NO. 537
BY SENATOR BANKSTON AND REPRESENTATIVES
ADLEY, ALARIO, R. ALEXANDER, ANDING, ANSADI
ARMSTRONG, ATER, BACQUE', BRADLEY,
BRUN, CARRIER, CRANE, DASTUGUE, DIXON,
DOWNER, DUKE, FORSTER, HAIK, HEBERT, HOLDEN
IVON, JACKSON, KIMBALL, LABORDE,
MCCLEARY, MCDONALD, MCFERREN, ODINET,
ORR, PATTI, PRATT, REILLY, ROACH, ST. RAYMOND, SALTER, SINGLETON, SIRACUSA, SITTIG,
JACK SMITH, SOUR, STELLY, STINE, STRAIN,
STEVE THERIOT, THOMPSON, VOLENTINE AND
WARNER

AN ACT

To enact R.S. 47:38 and 287.756 relative to taxation; to provide with respect to an income tax credit for conversion of vehicles to alternative fuel usage; to provide for definitions; to provide for the calculation of such credit; to provide for carry forwards; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:38 and 287.756 are hereby enacted to read as follows:

- §38. Tax credit for conversion of vehicles to alternative fuel usage
 - A. The intent of this Section is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property. Any person or corporation investing in such property as specified herein shall be allowed a credit against the tax liability due under the income tax as determined pursuant to Subsection C of this Section.
 - B. As used in this Section, the following words and phrases shall have the meaning ascribed to them in this Subsections:
 - (1) "Alternative fuel" means a fuel which results in comparably lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination thereof and includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels which meet or exceed federal clean air standards.
 - (2) "Qualified clean-burning motor vehicle fuel property" means:
 - (a) Equipment installed to modify a motor vehicle which is propelled by gasoline so that the vehicle may be propelled by an alternative fuel;
 - (b) A motor vehicle originally equipped to be propelled by an alternative fuel but only to the extent of the portion of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel;
 - (c) Property which is directly related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including compression equipment, storage tanks and dispensing units for such fuel at the point where such fuel is so delivered.
 - C. The credit provided for in Subsection A of this Section shall be twenty percent of the cost of the qualified cleanburning motor vehicle fuel property.

- D. In cases where no credit has been claimed pursuant to Subsection C of this Section and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of twenty percent of ten percent of the cost of the motor vehicle or one thousand five hundred dollars.
- E. If the tax credit allowed pursuant to Subsection A of this Section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward as a credit against subsequent income tax liability for a period not to exceed three tax years.
- F. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

* * * *

§287.756. Tax credit for conversion of vehicles to alternative fuel usage

- A. The intent of this Section is to provide an incentive to persons or corporations to invest in qualified clean-burning motor vehicle fuel property. Any person or corporation investing in such property as specified herein shall be allowed a credit against the tax liability due under the income tax as determined pursuant to Subsection C of this Section.
- B. As used in this Section, the following words and phrases shall have the meaning ascribed to them in this Subsection:
- (1) "Alternative fuel" means a fuel which results in comparably lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination thereof and includes compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels which meet or exceed federal clean air standards.
- (2) "Qualified clean-burning motor vehicle fuel property" means:
- (a) Equipment installed to modify a motor vehicle which is propelled by gasoline so that the vehicle may be propelled by an alternative fuel;
- (b) A motor vehicle originally equipped to be propelled by an alternative fuel but only to the extent of the portion of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel;
- (c) Property which is directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including compression equipment, storage tanks and dispensing units for such fuel at the point where such fuel is so delivered.
- C. The credit provided for in Subsection A of this Section shall be twenty percent of the cost of the qualified cleanburning motor vehicle fuel property.
- D. In cases where no credit has been claimed pursuant to Subsection C of this Section and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of twenty

percent of ten percent of the cost of the motor vehicle or one thousand five hundred dollars.

- E. If the tax credit allowed pursuant to Subsection A of this Section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward as a credit against subsequent income tax liability for a period not to exceed three (3) tax years.
- F. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

Section 2. The provisions of this act shall be effective for all taxable periods beginning after December 31, 1990.

Approved by the Governor, July 29, 1991.

Published in the Offical Journal of the State:

August 28, 1991.

A true copy:

W. Fox McKeithen

Secretary of State

ACT No. 169 of 1992

HOUSE BILL NO. 527
BY REPRESENTATIVES STEVE THERIOT, ACKAL, ALARIO, COPELIN, AND DEWITT AND SENATORS BANKSTON, BRINKHAUS, FIELDS, KELLY, NUNEZ, AND JOHNSON AN ACT

To amend and reenact R.S. 47:38(B)(2) and (D) and 287.757(B)(2) and (D), to provide that the tax credit for the purchase of qualified clean burning motor vehicles or for certain cost incurred to convert motor vehicles to use certain alternative fuels shall apply only to vehicles registered in Louisiana; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:38(B)(2) and (D) and 287.757(B)(2) and (D) are hereby amended and reenacted to read as follows:

- §38. Tax credit for conversion of vehicles to alternative fuel usage
 - B. As used in this Section, the following words and phrases shall have the meaning ascribed to them in this Subsection.
 - (2) "Qualified clean-burning motor vehicle fuel property" means:
 - (a) Equipment installed to modify a motor vehicle which is propelled by gasoline so that the vehicle may be propelled by an alternative fuel provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.;
 - (b) A motor vehicle originally equipped to be propelled by an alternative fuel but only to the extent of the portion of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.
 - (c) Property which is directly related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including compression equipment, storage

tanks, and dispensing units for such fuel at the point where such fuel is so delivered provided such property is located in Louisiana.

D. In cases where no credit has been claimed pursuant to Subsection C of this Section and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of twenty percent of ten percent of the cost of the motor vehicle or one thousand five hundred dollars provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.

* * * *

- §287.757. Tax credit for conversion of vehicles to alternative fuel usage
 - B. As used in this Section, the following words and phrases shall have the meaning ascribed to them in this Subsection:
 - (2) "Qualified clean-burning motor vehicle fuel property 11 means:
 - (a) Equipment installed to modify a motor vehicle which is propelled by gasoline so that the vehicle may be propelled by an alternative fuel provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.
 - (b) A motor vehicle originally equipped to be propelled by alternative fuel but only to the extent of the portion of any such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.
 - (c) Property which is directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including compression equipment, storage tanks, and dispensing units for such fuel at the point where such fuel is so delivered, provided such property is located in Louisiana.
 - D. In cases where no credit has been claimed pursuant to Subsection C of this Section and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of twenty percent of ten percent of the cost of the motor vehicle or one thousand five hundred dollars, provided such motor vehicle is registered with the Louisiana Department of Public Safety and Corrections.

Section 2. The provisions of this Act shall be effective for all taxable periods beginning on or after January 1, 1992.

Approved by the Governor, June 8, 1992.

Published in the Official Journal of the State:

July 1, 1992.

A true copy:

W. Fox McKeithen

Secretary of State

SENATE BILL NO. 1072

BY SENATORS JORDAN, DECUIR, GREENE, PICARD,

ULLO, NUNEZ, BAGNERIS, BANKSTON, BEAN,

BRINKHAUS, COX, CRAIN, CRAVINS, FOSTER,

HEITMEIER, HOLLIS, JOHNSON, KELLY, LAURI-

CELLA, TARVER, AND CROSS AND REPRESENTA-

TIVES ARMSTRONG, DIXON, ELLINGTON, HIGGINBOTHAM, HOLDEN, HOPKINS, MCCLEARY,

REILLY, ROACH, STELLY, \$TINE, TRAVIS, WES-

TON, AND HOLDEN

AN ACT

To enact Part VI of Chapter 7 of Title 30 of the Louisiana Revised Statutes of 1950 to be comprised of R.S. 30:650 through 656, and R.S. 36:359(G), relative to natural gas Markets; to create the Louisiana Natural Gas Marketing Commission within the Department of Natural Resources; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part VI of Chapter 7 of Title 30 of the Louisiana Revised Statutes of 1950, comprised of R.S. 30:650 through 656, is hereby enacted to read as follows:

PART VI. LOUISIANA NATURAL GAS MARKETING COMMISSION

§650. Purpose

- A. The natural gas industry in Louisiana contributes significantly to the economy of the state and could have an even greater impact if new markets for natural gas could be developed. However, there has never been a cohesive, comprehensive strategy or effort to promote and market natural gas.
- B. The purpose of this Part is to promote the use and consumption of natural gas, to assist the natural gas industry in market development, and to identify and remove impediments to the development of natural gas as an alternative fuel.
- §651. Louisiana Natural Gas Marketing Commission;
 - creation; membership; panels of nominees; terms; filling of vacancies; oaths of office; quorum; domicile; meetings
 - A. The Louisiana Natural Gas Marketing Commission is hereby created within the Department of Natural Resources and shall consist of sixteen members, thirteen to be appointed by the governor as follows:
 - (1) One major gas producer, and one gas pipeline representative appointed from a list of three names from each sector nominated by the Mid-Continent Oil and Gas Association.
 - (2) Two independent gas producers appointed from a list of six names nominated by the Louisiana Association of Independent Producers and Royalty Owners.
 - (3) Two chemical manufacturers appointed from a list of six names nominated by the Louisiana Chemical Association.
 - (4) Two retailers appointed from a list of six names nominated by the Louisiana Gas Association.
 - (5) Two at large representatives from gas consumer groups appointed from a list of six names nominated by the president of the Senate.
 - (6) Two at large representatives from gas consumer groups appointed from a list of six names nominated by the speaker of the House.

- (7) One representative of the Public Service Commission appointed from a list of three names nominated by said commission.
- B. Each appointment by the governor shall be submitted to the Senate for confirmation, and beginning in 1994, every appointment confirmed by the Senate shall again be submitted by the governor to the Senate for confirmation every two years after the initial confirmation.
- C. The additional three members shall be the secretaries of the Department of Natural Resources, the Department of Environmental Quality, and the Department of Economic Development, or their designees, who shall serve ex officio but with all of the powers, rights, duties, and privileges as members appointed by the governor, including the right to vote on all matters before the commission.
- D. Members shall serve terms concurrent with the governor making the appointment. The organizations herein authorized to make nominations for appointments to the commission, the president of the Senate and the speaker of the House, shall file the initial list of nominees for appointment within sixty days after the effective date of this Part. Thereafter, each organization, the president of the Senate and the speaker of the House shall file a list of nominees with the governor no later than June thirtieth of the year of the governor's inauguration.
- E. Except as provided herein, vacancies shall be filled in the same manner as original appointments for the unexpired portion of the term. Whenever a vacancy occurs, the organization authorized to make nominations for appointment to the vacant position shall file a list of nominees with the governor within sixty days after the vacancy occurs. The governor shall make all appointments no later than sixty days after the submission of the list of nominees.
- F. All members shall take and subscribe to the oath of office prescribed for state officials. Members shall serve until their successors are appointed and qualified.
- G. Appointed members of the commission shall be entitled to receive reimbursement for mileage expenses and meals in accordance with the same regulations applying to state employees.
- H. A majority of the membership shall constitute a quorum for the transaction of official business. All official actions of the commission shall require the affirmative vote of a majority of the members of the commission.
- I. The commission shall be domiciled in Baton Rouge.
- J. The commission shall meet at least once during each quarter, but may meet more frequently upon the call of the chairman.

§652. Officers; employees

- A. At the first meeting of the commission, the members shall elect, from their membership, a chairman, vice-chairman, and such other officers as the commission may deem advisable.
- B. The secretary of the Department of Natural Resources shall, with the concurrence of the assistant secretary of the office of conservation, appoint a director of the commission. The secretary shall also employ additional staff as necessary to carry out the duties and functions prescribed upon the commission by this Part.

§653. Powers of the commission; duties

The commission shall:

(1) Adopt a seal and alter the same at its pleasure.

- (2) Sue and be sued in its own name.
- (3) Receive donations, grants, and other sources of revenues which may be available and develop rules and regulations pertinent to the expenditure of the funds to carry out the purposes and duties imposed upon the commission by the provisions of this Part.
- (4) Conduct an analysis which will:
- (a) Identify marketing and development problems, impediments, and issues.
- (b) Identify infrastructural problems which either currently, or will in the future, inhibit development of the Louisiana natural gas industry.
- (c) Examine successful marketing and development programs in other states and countries.
- (d) Identify potential new markets and marketing strategies which will result in new or expanded markets for Louisiana natural gas.
- (e) Identify potential investment and tax incentives which could help spur development of natural gas in Louisiana.
- (5) Develop and implement a plan to:
- (a) Resolve marketing and development problems.
- (b) Establish and develop strategies for removing impediments which inhibit marketing and development.
- (c) Seek improvement in both public and private infrastructure in areas supporting the natural gas industry.
- (d) Create new markets and expand activity in old markets for Louisiana natural gas.
- (e) Educate current and potential participants in the Louisiana natural gas industry about investment, tax, and educational opportunities to improve both the quality and quantity of service and products.
- (f) Educate Louisiana public officials and the private sectors of business and industry regarding the potential economic benefits of Louisiana natural gas and interface with other Louisiana agencies and the private sectors of business and industry to help promote and execute the plan outlined in this Paragraph.
- (6) Encourage utilities and other industries to convert from coal to natural gas when possible.
- (7) Explore the economic consequences of converting heating and cooling systems of public buildings to natural gas.
- (8) Develop incentives for utilities to make natural gas available for home use in all parts of the state.
- (9) Take appropriate action to promote the use of natural gas before all relevant federal agencies as well as agencies of other states which may have powers, duties, and responsibilities affecting the use of natural gas.
- (10) Serve as a clearinghouse for information relative to natural gas in this state which is available for purchase.
- (11) Make efforts toward having the state become involved in the Natural Gas Vehicle Coalition.
- (12) Develop incentives for the conversion of fleet and other vehicles to natural gas.
- (13) Perform any acts deemed necessary and proper to carry out the duties and responsibilities imposed upon the commission by the provisions of this Part.

§654. Advertising campaign

The commission, working with the Department of Natural Resources and other appropriate Louisiana officials and agencies, shall plan and execute a campaign for advertising, publicizing, and promoting Louisiana natural gas. The commission may take any other action which it deems necessary to promote and improve the well-being of the natural gas industry in Louisiana.

§655. Appropriations; warrants; records; audit

A. Funds made available by the legislature from any source may be used solely for the programs and purposes provided for in this Part. The Department of Natural Resources shall maintain records of the sources of the money received and the purpose therefor, as well as the person or persons to whom money is paid and the purpose therefor. Vouchers or receipts shall be kept for all money paid out. Money appropriated or otherwise made available to the department for authorized purposes shall be withdrawn from the treasury on warrant of the secretary of the department.

B. The financial records of the commission shall be audited by the legislative auditor pursuant to R.S. 24:513.

§666. Annual reports

The commission shall make a written operating report to the legislature at the end of the fiscal year, setting forth the accomplishments and progress of the commission for the previous year. This report shall be submitted to the House and Senate Committees on Natural Resources and the House and Senate Committees on Commerce not later than thirty days after the end of the fiscal year.

Section 2. R.S. 36:359(G) is hereby enacted to read as follows:

§359. Transfer of agencies and functions to the Department of Natural Resources

* * * *

G. The Louisiana Natural Gas Marketing Commission (R.S. 30:650-656) is placed within the Department of Natural Resources, and shall perform its powers, duties, functions, and responsibilities in the manner provided for agencies and commissions transferred as provided in Part III of Chapter 22 of this Title.

* * * *

Section 3. The Department of Natural Resources shall not be required to provide any personnel or funds to the commission until such time as funds are appropriated by the legislature to the Department of Natural Resources specifically for the purposes of the commission as specified by this Act.

Approved by the Governor, July 14, 1992.

Published in the Official Journal of the State:

August 5, 1992.

A true copy:

W. Fox McKeithen

Secretary of State

SPECIAL FUELS TAX LAW R.S. 47:820.1 to 47:815

(As amended through the 1994 Regular Session)

As used in this Part the following words, terms, and phrases have the meaning ascribed to them in this Section, except where the context indicates a different meaning:

- (1) "Bulk", as used in connection with the sale and handling of special fuels, means a quantity of distillate fuel in excess of five (5) gallons, and any quantity of liquefied gas other than in cylinders containing one hundred (100) pounds or less.
- (2) "Dealer" means and includes every person who sells special fuels at retail and delivers such special fuels into the fuel supply tanks of motor vehicles.
- (3) "Exporting" means taking special fuels out of this state in the fuel supply tanks of a motor vehicle.
- (4) "Importing" means bringing special fuels into this state in the fuel supply tanks of a motor vehicle.
- (5) "Interstate User" means any person who imports or exports special fuels into or out of this state in the fuel supply tanks of motor vehicles owned or operated by him.
- (6) "Motor Vehicle" means and includes any automobile, truck, truck-tractor, tractor, bus, vehicle, or other conveyance which is propelled by an internal combustion engine or motor, and is licensed, or required to be licensed, for highway use.
- (7) "Person" includes, in addition to the definition contained in R.S. 47:2, all cities, municipalities, and other subdivisions, departments, agencies boards and instrumentalities of a state.
- 8) "Special Fuels" means and includes all combustible gases and liquids used or suitable for use in an internal combustion engine or motor for the generation of power for motor vehicles, except such fuels as are subject to the tax imposed by Part I of Chapter 7 of Title 47 of the Louisiana Revised Statutes of 1950 (Gasoline Taxes).
- (9) "Supplier" means any person who sells or delivers special fuels to a user or dealer in this state for resale or Use.
- (10) "Use" or "Used" means,
- (a) Keeping special fuels in storage and selling, using or otherwise dispensing, for the operation of motor vehicles.
- (b) Selling special fuels in this state to be used for operating motor vehicles.
- (c) Operating a motor vehicle in this state with special fuels.
- (d) Importing special fuels into this state.
- (11) "User" means and includes every person who delivers or causes to be delivered any special fuels into the fuel supply tanks of motor vehicles owned or operated by him.
- (112) "Bulk user" means and includes an interstate user who:
- (a) Is licensed by the Louisiana Public Service Commission as a common or contract carrier:
- (b) Is bonded and files reports in all states in which he operates in accordance with the requirements of those states;
- (c) Makes bulk purchases of special fuels which are put into storage facilities suitable for fueling motor vehicles and which are marked "Bulk User-Highway Fuel" in letters not less than five inches high; and
- (d) Has applied for a bulk users license and provided the bond required, alas provided in R.S. 47:807.

§802. Imposition of tax

A. There is hereby levied a tax of sixteen cents per gallon on all special fuels, as defined in R.S. 47:801, when sold, used, or consumed in the state of Louisiana for the operation

of motor vehicles, licensed or required to be licensed for highway use, to be computed, collected, reported, and paid as hereafter set forth, except that whenever liquefied petroleum gas or compressed natural gas is sold to, delivered to, or used by any person who pays the annual fuel tax levied under the provisions of R.S. 41:802.3, the imposition of the tax levied under the provisions of this Section shall not apply.

- B. The full amount of taxes collected pursuant to this Section shall be credited to the Bond Security and Redemption Fund.
- C. The monies shall be used solely to fund projects of the Highway Priority Program (R.S. 48:228 et seq.), the Parish Transportation Fund (R.S. 48:751 et seq.), the Statewide Flood-Control Program (R.S. 38:90.1 at seq.), and the Parish Bridge Replacement Program. Such monies shall be expended solely from year to year as appropriated by the legislature for the purposes of the Highway Priority Program, the Parish Transportation Fund, and the Statewide Flood Control Program.
- §802.1. Repealed by Acts 1986, No. 1033, §1
- §802.2. Refunds: licensed vehicles used by commercial fishermen
 - A. The secretary of the Department of Revenue and Taxation shall make refunds of special fuels taxes on special fuels used in any vehicle utilized by a licensed commercial fisherman in the administration of business associated with commercial fishing only when the requirements of this Section have been fully complied with.
 - B. A claimant for a refund pursuant to this Section shall be registered with the secretary of the Department of Revenue and Taxation prior to filing for are fund. Claims for refund must be filed within six months after the date of purchase on forms prescribed by the secretary. Purchases that are dated six months prior to filing the claim shall be disallowed and the claim reduced by the amount shown on the invoice. No more than one claim shall be filed for any particular period and all claims shall be signed by the claimant or his authorized agent.
 - C. An authorized refund claimant shall submit a claim indicating the miles traveled and gallons purchased for the period in which the claim is filed, together with the original special fuels invoice completely filled out. Special fuels invoices which do not show the vehicle license number, odometer readings, date, name of seller, name of purchaser, and gallons purchased shall be disallowed.
- §802.3. Users of liquefied petroleum gas or compressed gas annual fuel tax; certain vehicles excepted
 - A. The owner or operator of a motor vehicle, having a gross weight of ten thousand pounds or less which is propelled by, an internal combustion engine or motor capable of using liquefied petroleum gas or compressed natural gas as fuel shall pay the special fuels tax by paying either an annual flat rate in the amount of eighty percent of one hundred fifty dollars, based on a sixteen-cent-per-gallon special fuels tax rate or a variable rate of eighty percent of the current special fuels tax rate. The variable tax computation shall be based on estimated fuel efficiency of twelve miles per gallon, but not to exceed the annual flat rate. In the event of an increase or reduction of the special fuels tax, the annual flat rate shall increase or decrease based on one hundred fifty dollars at a sixteen-cent-per-gallon special fuels tax rate rounded to the nearest dollar, and the variable rate shall be based on eighty percent of the per-gallon special fuels tax in effect.
 - B. The owner or operator of a motor vehicle having a gross weight of more than ten thousand pounds and which is propelled by an internal combustion engine or motor

capable of using liquefied petroleum gas or compressed natural gas, shall pay the special fuels tax by paying the rate of eighty percent of the special fuels tax rate in effect on all such fuel so used. The aggregate annual tax paid by such person shall not be less than eighty percent of one hundred fifty dollars based on a sixteen-cents-per-gallon special fuels tax per motor vehicle. For the purpose of determining the amount of the tax and enforcing this Subsection, the number of gallons of liquefied petroleum gas or compressed natural gas used the previous year on the highways of this state shall be determined by using the following schedule for calculating the number of miles per gallon:

TYPE OF - VEHICLE	MILES PER GALLON
1. Any motor vehicle with two axles which has a gross license tag weight classification of 10,000 pounds to 20,000 pounds	9
2. Any motor vehicle with two axles which has a gross license tag weight classification in excess of 20,000 pounds	7
3. Any motor vehicle or motor vehicles with a combination of three axles	6
4. Any motor vehicle or motor vehicles with a combination of four axles	5
5. Any motor vehicle or motor vehicles with a combination of five axles	4

- C. The full amount of taxes collected pursuant to this Section shall be credited to the Bond Security and Redemption Fund. After a sufficient amount is allocated from that fund to pay all obligations secured by the full faith and credit of the state which become due and payable within any fiscal year, the treasurer shall pay one-half of the amount of taxes collected pursuant to this Section into a special fund, which is hereby created in the state treasury and designated as the Louisiana Highway, Flood Control, and Drainage Priority Fund. The treasurer shall credit the remainder of taxes collected pursuant to this Section into the state general fund.
- D. The monies in said fund shall be used solely to fund projects of the Highway Priority Program (R.S. 48:228, et seq.), the Parish Transportation Fund (R.S. 48:751, at seq.), the Statewide Flood Control Program (R.S. 38:90.1, at seq.), and the Parish Bridge Replacement Program. Any surplus remaining to the credit of the fund on June thirtieth of each year, after all appropriations of the preceding fiscal year have been made, shall remain to the credit of the fund.

Such monies shall be expended solely from year to year as appropriated by the legislature for the purposes of the Highway Priority Program, the Parish Transportation Fund, and the Statewide Flood Control Program, and no part thereof shall revert to the general fund.

Any amounts earned through investment of the monies in the fund shall remain to the credit of the fund and shall not revert to the state general fund.

- E. Nothing in this Section shall be construed to apply to nonresident private carriers of passengers temporarily located in or operated an the highways of this state for a period of not more than thirty days; nor shall this Section apply to motor vehicles which are owned and operated by persons who have furnished a bond as required by R.S. 47:807(C) and which are domiciled in a state other than Louisiana.
- F. The owner of any school bus, including school board owned buses, which transports Louisiana students and which is propelled by an internal combustion engine or motor capable of using liquefied petroleum gas or compressed natural gas as fuel shall pay the special fuels tax by paying an annual flat rate in the amount of one-half of the lesser of the regular flat rate or one-half of the variable rate as determined in R.S. 47:802.3(A). In the event of an increase or reduction of the sixteen cent per gallon special fuels tax, the annual flat rate shall be based on one-half of the flat rate levied under the provisions of R.S. 47:802.3(A).
- G. In order to enforce the provisions of this Section as applicable to motor vehicles which are propelled by an internal combustion engine or motor capable of using liquefied petroleum gas or compressed natural gas, no such vehicle shall be issued a motor vehicle inspection certificate, as required by R.S. 32:1304, without a current decal as evidence of tax payment.

§803. Collection and payment of tax

- A. The tax levied thereunder shall be collected or paid by suppliers on all special fuels except liquefied petroleum gas or compressed natural gas sold or delivered by them when:
- (1) Sold to a dealer and delivered into storage facilities suitable for fueling motor vehicles;
- (2) Sold to a user and delivered into a storage tank marked "Tax-Paid Fuels" as provided in R.S.47:804;
- (3)(a) Sold to a user and delivered into storage facilities for fueling motor vehicles except: those storage facilities used for residential purposes which are not marked "Not for Vehicle Use" as provided in R.S. 47:804 or used by bulk users and marked "Bulk User-Highway Fuel";
- (i) Storage facilities used for residential purposes which are not marked "Not for Vehicle Use" as provided in R.S. 47:804.
- (ii) Storage facilities used by bulk users and marked "Bulk User-Highway Fuel".
- (iii) Storage facilities used in connection with sales at unattended and attended locations through use of a cardlock or meter system maintained and controlled by a supplier licensed for the tax free purchase of special fuels, which system accounts for sales for nontaxable purposes by use of a separate meter or, in a cardlock system, by use of a special card issued to the user, and which maintains accurate records of such sales, to the extent of such sales. The provisions of R.S. 47:805 shall not apply to deliveries of special fuels to such storage facilities as provided in this Subsection.
- (4) Delivered to a service station, garage, or retail outlet which has storage facilities suitable for fueling motor vehicles;
- (5) Used in any motor vehicle owned, or operated by him;
- (6) Delivered into the fuel supply tanks of a motor vehicle, or

- (7) Sold to farmers who are on a flat rate basis.
- B. The tax levied thereunder shall be paid by any interstate user on special fuels imported into this state by him.
- C. The tax levied thereunder shall be paid by any person who uses special fuels in this state on which the tax levied thereunder has not been paid; provided that bulk users shall pay the tax when and if special fuel purchased tax-free under R.S. 47:803(A) is removed from storage and is consumed for the operation of motor vehicles in Louisiana.
- §803.1. Cooperative agreements between states for collection and payment of taxes
 - A. In lieu of the requirements of this Part with respect to licensing, bonding, reporting, and auditing, the secretary may, when in the interest of the state and its-residents, enter into the International Fuel Tax Agreement or other cooperative compacts or agreements with another state or other states or provinces to permit base state or base jurisdiction licensing of persons importing motor fuel or diesel fuel into this state and liable for the tax levied by this Part, and to provide for the cooperation and assistance among the member states and provinces in the administration and collection of motor fuels consumption or use taxes.
 - B. The secretary is authorized to enter into such agreement on behalf of the state of Louisiana; but such agreement, arrangement, declaration, or amendment shall not be effective until stated in writing and filed with the secretary.
 - C. An agreement may provide:
 - (1) For determining the base state for users, user records requirements, audit procedures, exchange of information, and persons eligible for tax licensing;
 - (2) For defining qualified motor vehicles;
 - (3) For determining if bonding is required;
 - (4) For specifying reporting requirements and periods including defining uniform penalty and interest rates for late reporting;
 - (5) For determining methods for collecting and forwarding of motor fuel taxes and penalties to another jurisdiction; and
 - (6) For any other provisions as will facilitate the administration of the agreement.
 - D. The secretary may, as required by terms of the agreement, forward to officers of another state any information in the secretary's possession relative to the manufacture, receipt, sale, use, transportation, or shipment of motor fuels by any person. The secretary may disclose to officers of another state the location of offices, motor vehicles, and other real and personal property of users of motor fuels.
 - E. The agreement may provide for each state to audit the of persons based in the state to determine if the motor fuel taxes due each state are properly reported and paid. Each state shall forward the finding of the audits performed on persons based in the state to each state in which the person has taxable use of motor fuels. For persons not based in this state and who have taxable use of motor fuels in this state, the secretary may serve the audit findings received from another state in the form of a proposed assessment of the person as though an audit was conducted by the secretary.
 - F. Any agreement entered into under this Section shall not preclude the secretary from auditing the records of any person covered by the provisions of this Part.
 - G. The secretary may promulgate rules and regulations for the administration and enforcement of any such agreement.

- H. The legal remedies and procedures for any person served with an order or proposed assessment under this Part shall be as prescribed by law.
- 1. Persons licensed in accordance with the provisions of such agreement shall be considered fully licensed in Louisiana as a Motor Fuel/Diesel Fuel Importer For Use. §804. Separate storage tanks for taxable special fuels and for tax-free storage
- A. All users, except suppliers of special fuels who maintain their own storage tanks in this state and users of liquefied petroleum gas or compressed natural gas as fuel, are required to have a separate storage tank for taxable special fuels, which tanks are to be physically separate and apart from any other tanks or fueling units, and to indicate it by placing thereon or nearby in a conspicuous place the words "Tax-Paid Fuels" in letters not less than five inches high. Suppliers are required to collect the tax on all special fuels delivered into such tanks.
- B. All bulk users are required to have a separate storage tank for special fuels except users of liquefied petroleum gas or compressed natural gas who pay the annual fuel tax levied under the provisions of R.S. 47:802.3, which may be purchased tax-free from suppliers under the provisions of R.S. 47:803(A). The storage tank shall be physically separate and apart from any other tanks or fueling units and shall be indicated by placing thereon or nearby in a conspicuous place the words "Bulk User-Highway Fuel" in letters not less than five inches high. Suppliers are not required to collect tax on special fuels delivered into such tanks.
- C. All users who have facilities for storing special fuels other than liquefied petroleum gas or compressed natural gas intended for other than highway use and which facilities are suitable to fuel motor vehicles using special fuels other than liquefied petroleum gas or compressed natural gas, shall mark such storage facilities with the words "Not for Motor Vehicle Use- in letters not less than five inches high, and suppliers may deliver into such storage without collecting the tax levied thereunder. If users do not provide such tanks, then all special fuels delivered by suppliers into storage tanks suitable for fueling motor vehicles become taxable, except as provided in R.S. 47:804(B).

§805. Bulk sales

Except in the case of tax-paid deliveries into the fuel supply tanks of motor vehicles, it shall be unlawful to make bulk sales of special fuels to any user or dealer who is not licensed as such, when the supplier knows, or reasonably should know the purchaser is not a licensed user or dealer. When a user or dealer's license has been revoked and written notice of the revocation has been received by the supplier from the secretary, it shall be unlawful for the supplier to make bulk sales or deliveries to such user or dealer of special fuels on which the tax has not been paid unless delivery is into facilities which are not suitable for fueling motor vehicles.

§806. Records required; invoices; false records a violation

- A. (1) Every supplier, dealer, or user licensed, or required by law to secure a license, to sell, deliver, or to use special fuels, shall keep a complete record of all special fuels purchased or received and sold, delivered, or used by them showing for each purchase, receipt, sale, delivery, or use:
- (a) The date;
- (b) The name and address of the seller or of the person from whom received, and if sold or delivered in bulk quantities, the name and address of the purchaser or recipient;

- (c) An accurate record of the number of gallons of each product used for taxable purposes with quantities measured by a meter; and
- (d) Inventories of special fuels on hand at the end of each month except for those special fuels in a tank marked "Not for Motor Vehicle Use."
- (2) These records shall be kept until the taxes to which they relate have prescribed, and shall be open to inspection by the secretary of Revenue and Taxation or his authorized representative upon request.
- B. (1) For each bulk sale and delivery of special fuels, whether or not subject to tax thereunder, the record required shall include an invoice with serial numbers printed thereon showing the name and address of both the supplier and purchaser, and the complete information set out herein above for each such sale, one counterpart of which shall be delivered to the purchaser and another counterpart kept by the supplier or dealer for the period of time and purpose above provided.
- (2)(a) For each delivery of special fuels into the fuel supply tank of a motor vehicle, the required record shall include a serially numbered invoice issued in not less than duplicate counterparts on which shall be printed, or stamped with a rubber stamp the name and address of the supplier, dealer, or user making such delivery and on which shall be shown, in spaces to be provided on such invoice, the date of delivery, the number of gallons, the kind of special fuels delivered, the total mileage of the motor vehicle into which delivered, such mileage to be evidenced by odometer or hub meter reading or in the case of interstate passenger buses registered with the Interstate Commerce Commission by such documentation acceptable by the secretary, and the state highway license number of said motor vehicle. The invoice shall reflect that the tax has been paid or accounted for on each of the products delivered. One counterpart of the invoice shall be kept by the supplier, dealer, or user making such delivery as a part of his record and for the period of time and purposes herein above provided. Another counterpart shall be delivered to the operator of the motor vehicle and carried in the cab compartment of the motor vehicle for inspection by the secretary or his representatives, until the fuel it covers has been consumed.
- (b) With respect to users who purchase in bulk, for each delivery of special fuels into the fuel supply tank of a motor vehicle the required record shall include a serially numbered invoice issued in not less than duplicate counterparts on which shall be typed, hand written, printed, or stamped with a rubber stamp the name and address of the supplier, dealer, or user making such delivery and on which shall be shown, in spaces to be provided on such invoice, the date of delivery, the number of gallons, the kind of special fuels delivered, the total mileage of the motor vehicle into which delivered, such mileage to be evidenced by odometer or hub meter reading or in the case of interstate passenger buses registered with the Interstate Commerce Commission by such documentation acceptable by the secretary, and the state highway license number of said motor vehicle. The invoice shall reflect that the tax has been paid or accounted for on each of the products delivered. One counterpart of the invoice shall be kept by the supplier, dealer, or user making such delivery as a part of his record and for the period of time and purposes herein above provided. Another counterpart shall be delivered to the operator of the motor vehicle and carried in the cab compartment of the motor vehicle for inspection by the secretary or his representatives, until the fuel it covers has been consumed.

- C. The provisions of this Section shall not apply to the owner or operator of a private passenger motor vehicle or truck having a gross weight of six thousand pounds or less which is propelled by an internal combustion engine or motor which uses a fuel taxed under the provisions of this Part other than liquefied petroleum gas or compressed natural gas and which is licensed, or required to be licensed, for highway use.
- D. On all deliveries of special fuels to a user by common or contract carriers, the shipper shall stamp on the manifest or bill of lading in letters not less than one-quarter inch high "Tax Paid" whenever the tax levied thereunder has been paid, and "Not For Motor Vehicle Use" or "Bulk User Highway Fuel "whenever the tax levied thereunder has not been paid. It shall be a violation of this Part for any driver for a carrier to deliver special fuels covered by a manifest or bill of lading stamped "Not For Motor Vehicle Use" or "Bulk User-Highway Fuel" into a tank marked "Tax Paid Special Fuels."
- E. The willful issuance of any invoice, bill of sale or receipt which is false, untrue or incorrect in any material particular or the alteration, or changing except for errors, or forging any such invoice, bill of sale or receipt, or any duplicate of any such receipt pertaining to special fuels, shall constitute a violation of this Part.
- F. (1) The provisions of this Section shall not apply to the owner or operator of a motor vehicle having a gross weight of ten thousand pounds or less which is propelled by an internal combustion engine or motor which uses liquefied petroleum gas or compressed natural gas as fuel if the owner or operator elects to pay the flat rate available under R.S. 47:802.3.
- (2) If the owner or operator of a vehicle described in Paragraph (1) elects to pay the variable rate available under R.S. 47:802.3, said owner or operator shall maintain records to verify total mileage of that vehicle in order to comply with the provisions of R.S. 47:802.3. The secretary shall provide for a procedure for such record keeping.
- G. The owner or operator of a motor vehicle having a gross weight in excess of ten thousand pounds which is propelled by an internal combustion engine or motor which uses liquefied petroleum gas or compressed natural gas as fuel shall maintain records to verify total mileage of that vehicle in order to comply with the provisions of R.S. 47:802.3(B). The secretary shall provide for a procedure for such record keeping.
- §806.1. Records and reports required by installers of liquefied petroleum gas and compressed natural gas carburetion equipment

Any person who installs or alters liquefied petroleum gas or compressed natural gas carburetion equipment shall file with the secretary of the Department of Revenue and Taxation a written report, on forms prescribed by the secretary, whenever he installs or alters such equipment. This report shall be filed not later than fifteen days after the installation or alteration of the equipment. This person shall maintain records of every installation or alteration for a period of three years, which records shall be open to inspection at all reasonable times by the secretary or his authorized representative.

§807. Licenses and bond for suppliers, dealers and users

- A. No person shall commence operations as a supplier, dealer, user, or bulk user without first procuring a license for that purpose from the secretary, which license shall be issued without charge and remain in effect until revoked as herein after provided.
- B. Each application for a license as a supplier, dealer, user, or bulk user of special fuels and each such license shall have as a condition that the applicant and holder shall comply with the provisions of this Part. Each application for a license as a dealer or user and each

such license shall have as a further condition that the applicant and holder shall not deliver or permit delivery into the fuel supply tanks of motor vehicles of any special fuels which have been purchased tax free by the applicant or holder, except for liquefied petroleum gas or compressed natural gas which is delivered to a user under the provisions of R.S. 47:802.3. A taxable use of special fuels purchased tax-free by an applicant for, or a holder of, a dealer or user's license, in addition to the penal provisions hereafter prescribed, shall in the discretion of the secretary forfeit the right of the applicant or holder to purchase special fuels tax free for a period of not more than one year from the date of such offense.

C. Each application submitted by a supplier, interstate user, or bulk user, for a license shall be accompanied by a surety bond of a surety company authorized to do business in this state, in favor of the secretary of the Department of Revenue and Taxation, and satisfactory to him and in an amount to be fixed by him of not less than two thousand dollars nor more than eighty thousand dollars for a supplier or a bulk user, and not less than one thousand dollars nor more than forty thousand dollars for an interstate user, guaranteeing the payment of any and all taxes, penalties, interest, attorney fees, and costs levied by, accrued or accruing under this Part. However, the secretary is authorized to waive the furnishing of this surety bond by any supplier who has and agrees to maintain assets in Louisiana of a net value of not less than one and one fourth times the amount of the bond which would otherwise be required, who has had a bond on file with the department for a period of not less than three years, and who has not been delinquent in remitting taxes accrued or accruing under this Part during the three-year period immediately preceding application by the supplier for waiver of the bond. If any supplier whose bond has been waived by the secretary becomes delinquent in remitting taxes due under this Part, the secretary may require that such supplier furnish a bond in the amount required in this Subsection, and such supplier shall not be eligible for a waiver of a bond for a period of three years thereafter. Any violation of this Part shall be cause for revocation of any license issued thereunder.

C. (1) Each application submitted by a supplier or interstate user for a license shall be accompanied by a surety bond of a surety company authorized to do business in this state, in favor of the secretary of the Department of Revenue and Taxation and satisfactory to him and in an amount to be fixed by him of not less than two thousand dollars nor more than eighty thousand dollars for a supplier and not less than one thousand dollars nor more than forty thousand dollars for an interstate user, guaranteeing the payment of any and all taxes, penalties, interest, attorney fees, and costs levied by, accrued, or accruing under this Part. However, the secretary is authorized to waive the furnishing of this surety bond by any supplier who has and agrees to maintain assets in Louisiana of a net value of not less than one and one-fourth times the amount of the bond which would otherwise be required, who has had a bond on file with the department for a period of not less than three years, and who has not been delinquent in remitting taxes accrued or accruing under this Part during the three-year period immediately preceding application by the supplier for waiver of the bond. If any supplier whose bond has been waived by the secretary becomes delinquent in remitting taxes due under this Part, the secretary may require that such supplier furnish a bond in the amount required in this Subsection, and such supplier shall not be eligible for a waiver of a bond for a period of three years thereafter. Any violation of this Part shall because for revocation of any license issued thereunder.

D. A supplier may operate under his supplier's license as a dealer or as a user without securing a separate license but he shall be subject to all other conditions, requirements, and liabilities imposed by this Part upon a dealer or a user. A licensed dealer may use special fuels in motor vehicles owned or operated by him without securing a separate license as a user, subject to all conditions, requirements, and liabilities imposed herein upon a user.

§807.1. Application, payment of tax, decals; penalties

- A. Any person who wishes to operate, upon the highways of this state, a motor vehicle which uses or is capable of using liquefied petroleum gas or compressed natural gas as motor fuel shall make application, on or before July thirty-first of each year, to the secretary of the Department of Revenue and Taxation for a permit to operate the motor vehicle on the highways of this state. The application shall be made on a form furnished and prescribed by the secretary and shall contain any information which the secretary may reasonably require.
- B. The applicant shall pay to the secretary, at the time that application for a permit is made, the tax levied under R.S. 47:802.3. Upon payment of the tax and approval of the application, the secretary shall issue to the taxpayer a permit to operate the motor vehicle upon the highways of this state for the period from July first to June thirtieth. If a person makes application after July thirty first, the amount of the tax due shall be reduced by one-twelfth for each month which has elapsed since July first.
- C. Any person who operates more than one motor vehicle using or capable of using liquefied petroleum gas or compressed natural gas shall pay the tax and obtain a permit for each motor vehicle which he wishes to operate upon the highways of this state.
- D. Upon issuance of a permit, the secretary shall issue to the taxpayer a decal for each motor vehicle, which shall be in a form prescribed by the secretary. Each decal shall be affixed to the motor vehicle in the manner prescribed by the secretary so that the decal is clearly visible.
- E. The secretary shall provide a procedure for the payment of the tax and the issuance on an annual basis.
- F. Any person who sells or transfers title of a motor vehicle which is propelled by an internal combustion engine or motor capable of using liquefied petroleum gas or compressed natural gas as fuel shall transfer the permit at the time of the transfer of the vehicle. The secretary shall prescribe a procedure for such transfer of permits and the Department of Revenue and Taxation shall be notified at the time of any such transfer. G. It shall be a violation of this Part for any person to operate or cause to be operated a motor vehicle upon the highways of this state which is subject to the requirements of this Part upon which the tax has not been paid or for which no permit has been issued or to which no decal has been attached. In addition to all other liability, such person shall be liable for a penalty of twenty-five dollars for the first violation and a penalty of seventy-five dollars for each subsequent violation.
- §808. Reports; deductions In computing tax; revocation of license; flat rate accounts

 A. (1) Every supplier shall, on or before the twentieth day of each calendar month, file with the secretary, on forms prescribed by him, a report accounting for the special fuels handled during the preceding month, showing:
 - (a) Total quantity of each kind of special fuels purchased and received from sources within this state and total quantity received from sources outside of this state.

- (b) Total quantities of special fuels sold or delivered to dealers and users upon which the tax levied thereunder was collected and total quantity sold and delivered without collecting the tax levied thereunder.
- (c) Quantities of, special fuels sold and delivered into the fuel supply tanks of motor vehicles.
- (d) Quantities of special fuels delivered into fuel supply tanks of motor vehicles owned, leased, or operated by the supplier and quantities used by him for other purposes.
- (e) Quantities of special fuels lost by fire or other accident,
- (f) Quantities of special fuels lost by shrinkage or evaporation; and
- (g) Quantities of special fuels on hand at the beginning and at the end of the month covered by the report.
- (2) With the report the supplier shall remit the total amount of the tax due.
- B. All interstate users and bulk users who have furnished a surety bond required under R.S. 47:807 shall file a quarterly report with the secretary of the Department of Revenue and Taxation. The quarters shall end on March 31, June 30, September 30, and December 31 of each year, and the report shall be mailed together with payment of the tax due by the 25th day of the month following the end of each quarter. Reporting forms shall be prescribed by the secretary of the Department of Revenue and Taxation and shall show itemized quantities of special fuels purchased along with the fuels purchased and used in all other states and the miles traveled in each state, together with any other information requested by the secretary.
- C. (1) Every bulk user shall include in his quarterly report to the secretary an accounting for the special fuels handled by him during the preceding month, showing:
- (a) Total quantity of each kind of special fuels purchased and received from sources within this state and total quantity received from sources outside of this state,
- (b) Quantities of special fuels delivered into fuel supply tanks of motor vehicles owned, leased or operated by the supplier and quantities used by him for other purposes,
- (c) Quantities of special fuels lost,
- (d) Quantities of special fuels on hand at the beginning and at the end of the month covered by the report,
- (e) Itemized quantities of special fuels purchased along with the fuels purchased and used in all other states and the miles traveled in each state, and
- (f) Any other information requested by the secretary.
- (2) The bulk user shall remit the total amount of the tax due with the quarterly report.
- D. In computing the tax due, a supplier may make a deduction in the amount of three percent of the net taxable gallons after deducting approved refunds sold during the preceding calendar month as compensation for collecting and remitting the tax, and as an allowance for evaporation.
- E. The license of a supplier, dealer, user or bulk user may be revoked by the secretary for violation of any of the provisions of this Part after a hearing as provided by R.S. 47:1544-1547. Should his license be revoked after such hearing, any supplier, dealer, user or bulk user may bring an action against the secretary in the district court of his domicile within fifteen days of the date of revocation to determine whether or not said supplier, dealer, user or bulk user has in fact violated any of the provisions of this Part. If the court determines that the provisions of the law have been violated by said supplier, dealer user or bulk user, it shall maintain the secretary's action in revoking said license.

- F. Special fuels, when sold, used, consumed, or otherwise acquired and measured in liters rather than gallons, shall be converted to gallons for tax reporting purposes by dividing the liters by the metric conversion factor of 3.7854, the accepted metric system equivalent of one U.S. gallon.
- G. The provisions of this Section shall not apply to suppliers of or users who purchase in bulk liquefied petroleum gas or compressed natural gas as a motor fuel. §809. Power to stop and investigate vehicles; assessment and collection A. In order to enforce the provisions of this Part the secretary or his authorized representative or any weights and standards police officer of the Department of Transportation and Development is empowered to stop any motor vehicle which appears to be operating with special fuels for the purpose of examining the invoices and for such other investigative purposes reasonably necessary to determine whether the taxes imposed by this Part have been paid, or whether the vehicle is being operated in compliance with the provisions of this Part.
- B. If, after such examination or investigation, it is determined by the secretary or his authorized representative or any weights and standards police officer that the tax imposed by this Part has not been paid with respect to the fuels being used in said vehicle, the secretary or his representative, or any weights and standards police officer shall immediately assess the tax due together with the penalty hereinafter provided, to the owner of said vehicle, and give said owner written notice of the assessment by handing it to the driver of the vehicle.
- C. The secretary or his representative or any weights and standards police officer is hereby empowered to impound any vehicle found to be operating in violation of this Part by a person other than one who has furnished the bond required of users by R.S. 47:807(C) until such time as any tax assessed as provided herein has been paid. D. Upon issuance of the written notice of assessment in the form of a violation ticket by the secretary or his representative or any weights and standards police officer, the procedure for collection and payment of the penalty assessed shall be the same as that

provided for the payment and collection of penalty in R.S. 32:389(C).

§810. Prima facie presumptions

- A. Any supplier, dealer, or user who shall fail to keep the records, issue the invoices, or file the reports required by this Part, shall be prima facie presumed to have sold, delivered, or used for taxable purposes all special fuels shown by a duly verified audit by the secretary, or any authorized representative, to have been delivered to such supplier, dealer, or user and unaccounted for at each place of business or place of storage from which special fuels are sold, delivered, or used for any taxable purposes.
- B. The secretary is hereby authorized to fix or establish the amount of taxes, penalties, and interest due the state of Louisiana from such records of deliveries or from any records or information available to him, and, if the tax claim as developed from such procedure is not paid, such claim, and any audit made by the secretary, or an authorized representative, or any report filed by such supplier, dealer, or user, shall be admissible in evidence in any suit or judicial proceedings filed by the secretary and shall be prima facie evidence of the correctness of said claim or audit; provided that the prima facie presumption of the correctness of the claim may be overcome by evidence adduced by the supplier, dealer, or user.
- §811. Export of tax paid special fuels; tax refunds or credit; interstate users

- A. An interstate user of special fuels who is a bonded user of special fuels in the state of Louisiana may receive a tax refund or tax credit on that amount of tax paid on special fuels purchased in this state which exceeds the amount of fuel that would be consumed, based on the total motor vehicle mileage in the state. An interstate user of special fuels must be bonded and file reports in all states in which he operates in accordance with the requirements of those states.
- B. An interstate user may determine his average number of miles of motor vehicle travel per gallon of fuel by dividing the total miles traveled by the number of gallons consumed in the entire operation of his vehicles. If an interstate user cannot furnish satisfactory evidence of his average number of miles per gallon of fuel, the Department of Revenue and Taxation shall determine the rate to be applied to such user, which in no event shall exceed an average of five miles per gallon of fuel.
- §812. Violations; cargo tank to carburetor connection; operation without speedometer or hub meter; operation without name and address on trucks; invoice
 - A. It is unlawful to transport special fuels within the State of Louisiana in any cargo tank from which special fuels are sold or delivered which has a connection by pipe, tube, valve, or otherwise with the carburetor or with the fuel supply tank feeding the carburetor of the motor vehicle transporting said products.
 - B. It shall be unlawful to operate with special fuels any motor vehicle licensed for highway operation on which an odometer or hub meter is not kept at all times in good operating condition to correctly measure and register the miles traveled by such vehicle except that interstate passenger buses registered with the Interstate Commerce Commission not so equipped shall not be in violation of this Part if a record of miles traveled is maintained on a form or report approved by the secretary of the Department of Revenue and Taxation and is carried in the vehicle at all times.
 - C. It shall be unlawful for an user of special fuels to operate a truck in the state of Louisiana without the true owner's name and address or adequate identification, or in the case of an interstate motor carrier under whose authority the vehicle is operated and who is registered with the Interstate Commerce Commission, the name or trade name only, on the outside of both right and left cab doors in letters not less than two inches high, as near the center on the outside of the doors as possible. The name and address of the owner must be legible at a distance of twenty-five feet. The term "truck" as used in this Subsection shall not mean a pickup truck or any truck of manufacturer's rating carrying capacity of two thousand pounds or less, unless the truck is a public for hire truck¹ used primarily for transporting cargo.
 - D. It shall be unlawful for any person to operate with special fuels any vehicle unless he has in his possession an invoice for the fuel which meets the requirements of R.S. 47:806. E. (1) In addition to any other penalties which maybe incurred, there is hereby levied a specific penalty of fifty dollars for each violation of the provisions of this Section. This penalty shall be assessed by the secretary of the Department of Revenue and Taxation or his representative or the weights and standards police officer and shall be collected in the same manner as is provided for the collection of tax in R.S. 47:809.
 - (2) All specific penalties collected by the Department of Transportation and Development in accordance with this Part shall be paid to the secretary of the Department of Transportation and Development who shall pay said penalties into the state treasury on or before the twenty-fifth day of each month following their collection and, in accordance

with Article VII, Section 9 of the Constitution of Louisiana such funds shall be credited to the Bond Security and Redemption Fund.

§813. Violations declared misdemeanors

Any person who shall violate any of the provisions of this Part shall be guilty of a misdemeanor, and, upon conviction, be fined in an amount not exceeding one thousand dollars (\$1,000.00), or imprisonment not to exceed two (2) years, or both, at the discretion of the court.

- §814. Administration; rules and regulations; costs of administration; disposition of moneys collected
 - A. The administration of this Part shall be by the secretary of the Department of Revenue and Taxation who shall have authority to adopt and enforce rules and regulations not inconsistent with this Part of this Chapter 7 necessary and convenient for the enforcement of the provisions of this Part and collection of the taxes, penalties, and interest in this Part provided.
 - B. In the case of farmers who operate trucks licensed for farm use, which trucks use special fuels other than liquefied petroleum gas and compressed natural gas for their operation, the secretary shall, when requested, reach an agreement with such farmers where in the amount of fuel used in each truck shall be determined by an estimate and the tax paid each month on the basis of said estimate. In no case is the secretary authorized to estimate the number of gallons used by any farmer at less than seventy-five gallons per month per vehicle. This provision applies only to farmers operating vehicles and equipment on the some special fuels except liquefied petroleum gas and compressed natural gas for both taxable and nontaxable purposes, and in such case the farmer shall be relieved of the necessity of compliance with the provisions of R.S. 47:804, 47:806, and 47:812(D) in reference to such use.
- §815. Special fuels dispensing machines; requirements

 Each tank through which a special fuel is dispensed shall have clearly displayed on it only one sign which refers to taxes and it shall state "ABOVE PRICE INCLUDES ALL LOCAL, STATE, AND FEDERAL TAXES."
- §815.1. Special fuel; advertised price; requirement

The advertised price of special fuels dispensed by a retail dealer shall include all taxes levied and collected on such fuel. Any advertisement of a price shall also clearly state whether the price is a "cash price" or a "credit price".

TRANSPORTATION INFRASTRUCTURE MODEL FOR ECONOMIC DEVELOPMENT R.S. 47:820.1 to 47:820.6*

(As amended through the 1994 Regular Session)

§820.1. Imposition of tax

A. There is hereby levied a tax of four cents per gallon on all gasoline and motor fuels as presently taxed by the provisions of Part I of this Chapter and on special fuels as presently taxed by the provisions of Part V of this Chapter. The tax imposed herein shall be in addition to any other tax imposed on gasoline and motor fuels and special fuels.

B. The tax imposed herein shall be levied, collected, and administered in the same manner as provided in this Chapter for the taxes levied on gasoline and motor fuels and on special fuels. The secretary may promulgate rules and regulations as necessary for the administration of this Part.

* Only R.S. 47:820.1 is reproduced here. R.S. 47:820.2 to 47:820.6 deals with the distribution of the proceeds of the tax imposed by R.S. 47:820.1.

COMPRESSED NATURAL GAS REGULATIONS

Louisiana Department of Natural Resources
Office of Conservation
Pipeline Division
P.O. Box 94275
Baton Rouge, Louisiana 70804-9275

Phone: 504/342-5513 or 5516

OFFICE OF CONSERVATION COMPRESSED NATURAL GAS REGULATIONS Title 43 NATURAL RESOURCES

Part XI. Office of Conservation Pipeline Division Subpart 5. Compressed Natural Gas Chapter 25. Compressedf Natural Gas

§2501. Scope

A. This Chapter applies to the design and installation of compressed natural gas (CNG) engine fuel systems on vehicles of all types and CNG systems used for compression, storage, sale, transportation, delivery, or distribution or CNG for use in motor vehicles.

B. This Chapter also applies to all CNG mobile fuel systems used for filling vehicles.

C. This Chapter does not extend to the design and installation of any CNG system on ships, barges, sailboats, or other types of watercraft. Such installation is subject to the American Boat and Yacht Council (ABYCO) and any other applicable standards.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, office of Conservation, Pipeline Division, LR 18:60 (January 1992).

§2503. Retroactivity

Unless otherwise stated, the regulations for compressed natural gas are not retroactive. Any installation of a CNG system must meet the requirements of the rules and regulations outlined herein.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:60 (January 1992).

§2505. Definitions

The following words and terms, when used in this Chapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Approved" means acceptable to the commissioner of conservation.

"Cascade storage systemic means storage of CNG in multiple cylinders.

"CNG cylinder" means a cylinder or other container designed for use or used as part of a CNG system.

"CNG facility" means a nonvehicular CNG system.

"CNG system" means a system of safety devices, cylinders, piping, fittings, valves, compressors, regulators, gauges, relief devices, vents, installation fixtures, and other CNG equipment intended for use or used in any building or public place by the general public or in conjunction with a motor vehicle fueled by CNG and any system of equipment designed to be used or used in the compression, sale, storage, transportation for delivery, or distribution of CNG in portable CNG cylinders, but does not include a natural gas pipeline located upstream of the inlet of the compressor.

"Commissioner" means the commissioner of conservation of the state of Louisiana.

"Compressed Natural Gas (CNG) means natural gas which is a mixture of hydrocarbon gases and vapors, consisting principally of methane (CH₄) in gaseous form that is compressed and used, stored, sold, transported, or distributed for use by or through a CNG system.

"CNG cargo tank" means a container in accordance with American Society of Mechanical Engineers (ASME) or Department of Transportation (DOT) specifications and used to transport CNG for delivery.

"Cylinder service valve" means a hand-wheel-operated valve connected directly to a CNG cylinder.

"Dispensing station" means a CNG installation that dispenses CNG from any source by any means into fuel supply cylinders installed on vehicles or into portable cylinders.

"Filled by pressure" means a method of transferring CNG into cylinders by using pressure differential.

"Fuel supply cylinder" means a cylinder mounted in a vehicle for storage of CNG as fuel supply to an internal combustion engine.

"Manifold" means the assembly of piping and fittings used for interconnecting cylinders.

"Mobile fuel system" means any CNG system installed on a vehicle designed to furnish CNG to any apparatus that uses or consumes CNG.

"Motor vehicle" means a self-propelled vehicle licensed for highway use or used on a public highway.

"Outlet" means a site operated by a certified CNG facility at which the business conducted materially duplicates the operations for which the facility is initially granted a certificate. Elements to be considered in determining the existence of an outlet include, but are not limited to, the following:

- -1. storage of CNG on the site;
- -2. sale or distribution of CNG from the site;
- -3. supervision of employees at the site;
- -4. proximity of the site to other outlets;
- -5. communication between the site and other outlets; and
- -6. nature of activities.

"Person" means an individual, sole proprietor, partnership, joint venture, corporation, or other entity.

"Point of transfer" means the point where the fueling connection is made.

"Pressure relief valve" means a device designed to prevent overpressure of a normally charged cylinder.

"Settled pressure" means the pressure in a container at 70°F, which cannot exceed the marked service or design pressure of the cylinder.

"Transport" means any vehicle or combination of vehicles and CNG cylinders designed or adapted for use or used principally as a means of moving or delivering CNG from one place to another. This shall include, but not be limited to, any truck, trailer, semitrailer, cargo tank, or other vehicle used in the distribution of CNG.

"Ultimate consumer" means the individual controlling CNG immediately prior to its ignition.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:60 (January 1992).

§2507. Applicability

The provisions of this Chapter apply to pressurized components of a compressed natural gas (CNG) system, and are applicable to both engine fuel systems and compression, storage, and dispensing systems.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:61 (January 1992).

§2509. Odorization

A. Compressed natural gas shall have a distinctive odor potent enough for its presence to be detected down to a concentration in air of not over one-fifth of the lower limit of flammability.

B. Compressed natural gas shall be odorized according to the provisions of Title 43:XIII.2725(Odorization of Gas).

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:61 (January 1992).

°2511. Severability

If any item, clause, or provision of these rules is f or any reasondeclared invalid, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:61 (January 1992).

§2513. Application for Construction or Certification of Existing Facilities

A. An application must be submitted to the commissioner for construction for each CNG facility and all applications must be accompanied by a filing fee in accordance with LAC 43:XIX.203.3 The application must have the following information:

1. the exact legal name of the applicant; its principal place of business; the State under the laws of which applicant was organized or authorized; if a corporation, a certificate of good standing and authorization to do business from the Secretary of State of Louisiana, the location and mailing address of applicant's registered office, the name and post office address of each registered agent in Louisiana, and the name and address of all its directors and principal offices;

- 2. the nature of service to be rendered by applicant, sale to public, applicant's fleet, private fleet, and/or public transportation;
- 3. if any, location of applicant's existing CNG facilities;
- 4. a table of contents which shall list all exhibits and documents filed with the application;
- 5. aschematic of applicant's proposed facilities, which shall reflect the location and capacity of all compressor sites, point of connection with piping between compressor(s) and dispensing units;
- 6. a listing of applicant's gas supply for compression at the point the gas enters service facility for ultimate compression;
- 7. a CNG Form 100;
- 8. subsequent filings may be required by the commissioner to complete an evaluation.
- B. The commissioner shall determine whether the design, manufacture, construction, or use of the depicted items, system, operation, procedure, or installation meets the minimum standards set forth by the American Society of Mechanical Engineers, Underwriters Lab and/or American Gas Association. At the discretion of the commissioner an administrative order shall be issued authorizing the construction of a CNG facility. If the commissioner requires a public hearing on the matter, the applicant shall be notified within 15 working days from receipt of application and a hearing date shall be set. When an application is submitted to the commissioner, automatic approval is hereby granted and construction can begin 30 days after receipt of the application by the commissioner in lieu of a written order. However, any correspondence from the commissioner during the 30-day period may set aside the 30-day automatic approval.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:61 (January 1992).

§2515. Acquisition of an Existing CNG Facility

Notice must be given to the Commissioner by anyone wishing to acquire an as-built CNG facility. The notice shall include information outlined in §2513.A.1 and §2513.A.3.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:62 (January 1992).

§2517. Changes in Service

If any owner of a CNG facility wishes to change the nature of service as listed in §2513.A.2 by adding additional services or deleting services, the operator of the facility shall notify the commissioner in writing and submit a Form CNG 101 "Change of Service". No change in service may occur without written approval from the

commissioner; however, the applicant may make the changes applied for if the commissioner has not responded within 21 days after receipt of the change request.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:62 (January 1992).

§2519. Approval of CNG Systems Equipment and Components for Vehicles

All CNG equipment installed on a vehicle must meet the minimum standards set forth in Section 52 of the National Fire Protection Association (Vehicle Fuel System Standards).

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:62 (January 1992).

§2521. Design and Construction of Cylinders and Pressure Vessels

A. Cylinders and pressure vessels shall be fabricated of steel, aluminum, or composite materials.

- B. Cylinders shall be manufactured, inspected, marked, tested, and retested in accordance with U.S. Department of Transportation (DOT) regulations and exemptions for compressed natural gas (CNG) service. Fuel supply cylinders shall have a rated service pressure of not less than 2,400 psig at 70°F. Cascade storage cylinders shall have a rated service pressure of not less than 3,600 psig at 70°F. Note: Currently, there are no cylinder specifications in DOT regulations for CNG. Current documents covering these cylinders are DOT exemptions. These are single purpose documents issued to a single company for a specific CNG application.
- C. Pressure vessels and containers other than cylinders shall be manufactured, inspected, marked, and tested in accordance with the "Rules for the Construction of Unfired Pressure Vessels, American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code, Section VIII (Division 1)".
- D. In addition to other marking requirements, cylinders shall be labeled with the words, "FOR CNG ONLY" in letters at least one inch high in a contrasting color, and in a location which will be visible after installation. Decals or stencils are acceptable.
- E. Field welding or brazing for the repair or alteration of a cylinder or ASME pressure vessel is prohibited.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:62 (January 1992).

§2523. Pressure Relief Devices

- A. Each fuel supply cylinder in vehicles shall be fitted with a pressure relief device in accordance with the following:
- 1. pressure relief devices for cylinders shall be in accordance with Compressed Gas Association (CGA) Pamphlet -1.1 and be of the "Combination Rupture Disk Fusible Plug CG-5" type in which the fusible plug has a nominal yield temperature of 212*°F;
- 2. only one combination rupture disk-fusible plug shall be installed in any pressure relief device opening;
- 3. the pressure relief device shall communicate with the fuel and be vented to the atmosphere by a method that will withstand the maximum pressure which will result;
- 4. the discharge flow rate of the pressure relief device shall not be reduced below that required for the capacity of the container upon which the device is installed;
- 5. the pressure relief device on cylinders shall be permanently marked with the manufacturer's name, initials, or trademark, the temperature rating (212°F) of the fuse plug, and the maximum pressure rating of the rupture disk.
- B. The minimum rate of discharge of pressure relief devices shall be in accordance with Compressed Gas Association (CGA) Pamphlet S-1.1 (cylinders); S-1.2 (cargo and portable tanks); S-1.3 (storage cylinders); or the ASME Code, whichever is applicable.
- C. Pressure relief valves for CNG service shall not be fitted with lifting devices. The adjustment, if external, shall be provided with means for sealing the adjustment to prevent tampering by unauthorized persons. If at any time such seal is broken, the valve shall be removed from service until it has been reset and sealed. Any adjustments necessary shall be made by the manufacturer or his authorized representative(s).
- D. Each pressure relief valve shall be plainly marked by the manufacturer of the valve, as follows:
- 1. with the pressure in pounds per square inch (psi) at which the valve is set to start-to-discharge;
- 2. with the discharge capacity in cubic feet per minute (cfm); or
- 3. any other marking(s) as required by the Department of Transportation (DOT) or the ASME code.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:62 (January 1992).

§2525. Pressure Gauges

- A. Pressure gauges shall be designed for the normal pressure and temperature conditions to which the devices may be subjected with a burst pressure safety factor of at least four.
- B. Dials shall be graduated to read 1.2 times the operating pressure of the system to which the gauge is attached.

C. A gauge shall have an opening not to exceed 0.055 inches (number 54 drill size) at the inlet connection.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:63 (January1992).

§2527. Pressure Regulators

- A. A pressure regulator inlet and each chamber shall be designed for its maximum working pressure with a pressure safety factor of at least four.
- B. Low pressure chambers shall provide for excessive pressure relief or be able to withstand the operating pressure of the upstream pressure chamber.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:63 (January 1992).

°2529. Piping

A. Pipe, tubing, fittings, gaskets, and packing material shall be compatible with the fuel under the service conditions.

- B. All tubing shall be a minimum of type 304 stainless steel. All tubing connections shall be made of manufactured multifarrel compression fittings.
- C. Piping, tubing, fittings, and other piping components between a cylinder or pressure vessel and the first shutoff valve shall be capable of withstanding a hydrostatic test of at least four times the rated working pressure without structural failure.
- D. Compressed natural gas piping shall be fabricated and tested in accordance with "American National Standard Code for Chemical Plant and Petroleum Refinery Piping", "American National Standards Institute (ANSI) B31.3". Such piping shall be "American Standard Testing Material (ASTM)" steel, Schedule 80, or better. All pipe fittings shall be forged steel stamped 6,000 psi or greater.
- E. The following components or materials shall not be used:
- 1. fittings, street ells, and other piping components of cast iron or semi-steel other than those complying with "American Society for Testing and Materials (ASTM) Specifications A-536 (Grade 60-40-18), A-395, and A-47 (Grade 35018)";
- 2. plastic pipe, tubing, and fittings for high pressure service;

fitting;

- 3. galvanized pipe and fittings;
- 4. aluminum pipe, tubing, and fittings;

- 5. pipe nipples for the initial connection to a cylinder or pressure vessel;
- 6. copper alloy with copper content exceeding 70 percent.
- F. Piping, components such as strainers, snubbers, and expansion joints shall be permanently marked by the manufacturer to indicate the service ratings.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:63 (January 1992).

§2531. Valves

- A. Valves, valve packing, and gaskets shall be suitable for the fuel over the full range of pressures and temperatures to which they may be subjected under normal operating conditions.
- B. Shutoff valves shall have a design working pressure not less than the rated working pressure of the entire system with a safety factor of four.
- C. Valves of cast iron or semi-steel other than those complying with "ASTM Specifications A-536 (Grade 60-40-18), A-395, and A-47 (Grade 35018)" shall not be used as primary shutoff valves.
- D. Valves of a design that will allow the stem to be removed without removal of the complete bonnet or disassembly of the valve body, and valves with valve stem packing glands which cannot be replaced under pressure shall not be used. Exception: where there is a shutoff valve of acceptable type between them and the container or pressure vessel (this does not apply to service valves).
- E. The manufacturer shall stamp or otherwise permanently mark the valve body to indicate the service ratings. Exception: fuel supply container valves need not be marked as such.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:63 (January 1992).

°2533. Hose and Hose Connections

- A. Hose and metallic hose shall be of or lined with materials that are resistant to corrosion and the actions of compressed natural gas (CNG).
- B. Hose, metallic hose, flexible metal hose, tubing, and their connections shall be suitable for the most severe pressure and temperature conditions expected under normal operating conditions with a burst pressure of at least four times the maximum working pressure.

- C. Hose assemblies shall be tested by the manufacturer of its designated representative prior to use at pressures equal to not less than twice the service pressure.
- D. Hose shall be continuously and distinctly marked, indicating the manufacturer's name or trademark, CNG service, and working pressure. Metallic hose shall have a manufacturer's permanently attached tag marked with the manufacturers name or trademark, CNG service, and working pressure.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:63 (January 1992).

§2535. Compression Equipment

- A. Compression equipment shall be designed for use with compressed natural gas (CNG) and for the pressures and temperatures to which it may be subjected under normal operating conditions. It shall have pressure relief devices which shall limit each stage pressure to the maximum allowable working pressure for the cylinder and piping associated with that stage of compression.
- B. When CNG compression equipment is operated unattended, it shall be equipped with a high discharge and low suction pressure automatic shutdown control.
- C. Control devices shall be designed for the pressure, temperature, and service expected under normal operating conditions.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:64 (January 1992).

§2537. Vehicle Fueling Connection

- A. A vehicle fueling connection shall provide for the reliable and secure connection of the fuel system cylinders to a source of compressed natural gas (CNG).
- B. The fueling connection shall be suitable for the pressure expected under normal conditions and corrosive conditions which might be encountered.
- C. The fueling connection shall prevent escape of gas when the connector is not properly engaged or becomes separated.
- D. The refueling receptacle on an engine fuel system shall be firmly supported, and shall:
- 1. receive the fueling connector and accommodate the working pressure of the vehicle fuel system;
- 2. incorporate a means to prevent the entry of dust, water, and other foreign material. If the means used is capable of sealing system pressure, it shall be capable of being depressurized before removal.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:64 (January 1992).

§2539. External Corrosion Control

All buried pipe and/or tubing must be protected against external corrosion as outlined in LAC 43:XIII.2107.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:64 (January 1992).

§2541. Leak Survey

Each operator of a CNG facility having underground piping shall conduct a leak survey each calendar year.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:64 (January 1992).

§2543. Report of CNG Incident/Accident

A. In case of an incident involving a single release of compressed natural gas (CNG) during or following CNG transfer or during container transportation, or an accident at any location where CNG is the cause or is suspected to be the cause, the person(s) owning, operating, or servicing the equipment or the installation shall notify the commissioner. This notification shall be by telephone as soon as possible after knowledge of the incident or accident. Any loss of CNG which is less than 1.0 percent need not be reported. However, any loss occurring as a result of a pullaway must be reported. The telephone number to be used to report accidents is (504) 342-5505.

- B. Information which must be reported to the commissioner shall include:
- 1. date and time of the incident or accident;
- 2. type of structure or equipment involved;
- 3. resident's or operator's name;
- 4. physical location;
- 5. number of injuries and/or fatalities;
- 6. whether fire, explosion, or gas leak has occurred;
- 7. whether gas is leaking; and
- 8. whether immediate assistance from the commissioner is requested.

- C. Any person reporting must leave his/her name, and telephone number where he/she can be reached for further information.
- D. Any CNG powered motor vehicle used for school transportation or mass transit including any state owned vehicle which is involved in an accident resulting in a substantial release of CNG or damage to the CNG conversion equipment must be reported to the commissioner in accordance with this section regardless of accident location.
- E. Following the initial telephone report, a CNG Form 200, Report of CNG Incident/Accident, must be submitted to the commissioner. The report must be postmarked within 14 calendar days of the date of initial notification to the commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:731 and 732. HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, Pipeline Division, LR 18:64 (January 1992).