

Assembly Bill No. 1907

CHAPTER 805

An act to amend Sections 13404 and 13470 of the Business and Professions Code, and to amend Section 8651.6 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2014. Filed with Secretary of State September 29, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1907, Ridley-Thomas. Use fuel tax: natural gas: gallon equivalent.

Existing law regulates the sale, offer for sale, or advertisement for sale, at retail to the general public of petroleum products, including liquefied natural gas and compressed natural gas for use only as a motor vehicle fuel, as specified.

This bill would require compressed natural gas sold at retail to the public for use as a motor vehicle fuel to be sold in a gasoline gallon equivalent that is equal to 126.67 cubic feet, or 5.66 pounds, of compressed natural gas, measured at the standard pressure and temperature, as specified, and would require liquefied natural gas to be sold in a diesel gallon equivalent that is equal to 6.06 pounds of liquefied natural gas. This bill would prohibit a person from selling at retail any compressed natural gas or liquid natural gas for use as motor fuel from any place of business in this state unless there is displayed and labeled on the dispensing apparatus in a conspicuous place "Gasoline gallon equivalent" or "Diesel gallon equivalent," respectively.

The Use Fuel Tax Law imposes an excise tax upon natural gas at the rate of \$0.07 for each 100 cubic feet, or 5.66 pounds, of compressed natural gas used, measured at standard pressure and temperature, and at a rate of \$0.06 for each gallon of liquid natural gas used, as provided.

This bill would, on and after January 1, 2015, instead of using only a cubic foot measurement, impose an excise upon natural gas at the rate of \$0.0887 for each 126.67 cubic feet, or 5.66 pounds, of compressed natural gas used, measured at standard pressure and temperature, and instead of using a gallon measurement, at a rate of \$0.1017 for each 6.06 pounds of liquid natural gas used.

The people of the State of California do enact as follows:

SECTION 1. Section 13404 of the Business and Professions Code is amended to read:

13404. (a) The sale of compressed natural gas by persons who sell compressed natural gas at retail to the public for use only as a motor vehicle

fuel, and who are exempted from public utility status by subdivision (f) of Section 216 of the Public Utilities Code, is a sale of a motor fuel for the purposes of this chapter.

(b) Compressed natural gas sold at retail to the public for use as a motor vehicle fuel shall be sold in a gasoline gallon equivalent that shall be equal to 126.67 cubic feet, or 5.66 pounds, of compressed natural gas, measured at the standard pressure and temperature, described in Section 8615 of the Revenue and Taxation Code.

(c) Liquefied natural gas sold at retail to the public for use as a motor vehicle fuel shall be sold in a diesel gallon equivalent that shall be equal to 6.06 pounds of liquefied natural gas.

SEC. 2. Section 13470 of the Business and Professions Code is amended to read:

13470. (a) A person shall not sell at retail to the general public, any motor fuel from any place of business in this state unless there is displayed on the dispensing apparatus in a conspicuous place at least one sign or price indicator showing the actual total price per gallon or liter of all motor fuel sold therefrom. The actual total price per gallon, or liter, shall include fuel taxes and all sales taxes.

(b) (1) A person shall not sell at retail to the general public, any compressed natural gas for use as a motor fuel from any place of business in this state unless there is displayed and labeled on the dispensing apparatus in a conspicuous place “Gasoline gallon equivalent.”

(2) A person shall not sell at retail to the general public, any liquefied natural gas for use as a motor fuel from any place of business in this state unless there is displayed and labeled on the dispensing apparatus in a conspicuous place “Diesel gallon equivalent.”

(c) When a discount for cash is offered from a dispenser computing only at the credit price, at least one sign or label shall be conspicuously displayed on the dispenser indicating that the dispenser is computing at the credit price and indicating the amount of the discount per gallon or liter in letters and numerals not less than one-half inch high.

(d) If motor fuel is sold by the liter, the word “liter” shall be conspicuously displayed on the side of the dispensing apparatus from which service can be made.

SEC. 3. Section 8651.6 of the Revenue and Taxation Code is amended to read:

8651.6. (a) (1) Notwithstanding the provisions of Sections 8651 and 8651.5, on or after January 1, 1971, and before January 1, 2015, the excise tax imposed upon natural gas shall be at the rate of seven cents (\$0.07) for each 100 cubic feet of compressed natural gas used, measured at standard pressure and temperature, and at a rate of six cents (\$0.06) for each gallon of liquid natural gas used.

(2) Notwithstanding the provisions of Sections 8651 and 8651.5, on or after January 1, 2015, an excise tax imposed upon natural gas shall be imposed as follows:

(A) The rate of eight and eighty-seven hundredths cents (\$0.0887) for each 126.67 cubic feet, or 5.66 pounds, of compressed natural gas used, measured at standard pressure and temperature.

(B) The rate of ten and seventeen hundredth cents (\$0.1017) for each 6.06 pounds of liquid natural gas used.

(b) (1) All references in this code to Section 8651 shall, with respect to the rate imposed upon natural gas on or after January 1, 1971, also refer to this section.

(2) (A) Neither the tax imposed by this section nor the tax imposed by Section 8651 shall apply to the use of compressed natural gas or liquid natural gas used in a vehicle during any period of time for which the owner or operator of the vehicle has paid the annual flat rate fuel tax as provided in Section 8651.7.

(B) To the extent that an owner or operator has provided written representation to a fuel seller that the owner or operator has prepaid the annual flat rate fuel tax as provided in Section 8651.7, the owner or operator shall be solely responsible for the taxes due under this part and the fuel seller shall not be liable for collecting and remitting those taxes.