

The Three Components of Motor Fuel Tax

- o 16¢ per gallon for gasoline, diesel, compressed natural gas and liquefied natural gas or 11.86¢ per gallon for liquefied petroleum gas is deposited into the Transportation Trust Fund (TTF).
- o 4¢ per gallon for gasoline, diesel, compressed natural gas, liquefied natural gas or 2.92¢ per gallon for liquefied petroleum gas is deposited into the Transportation Infrastructure Model for Economic Development Account (TIMED).
- o An Inspection Fee of $\frac{4}{32}$ of 1¢ (.00125) per gallon is collected on gasoline and diesel fuels as defined for the Petroleum Products Fund administered by the Louisiana Department of Agriculture and Forestry per La R.S. 3:4684.

* $11.68 + 2.92 = 14.6¢$ (73% of 16¢ = 11.68 and 73% of 4¢ = 2.92)

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Tax Rate Chronicle

- o A tax on gasoline and motor fuels was first levied in the 1921 Louisiana Constitution at the rate of 1¢ per gallon. Special fuels were first taxed at the rate of 7¢ per gallon under a Use Fuel Tax as levied by Act 244 of 1940.
- o Various amendments through the years set the rates as follows:
 - o 1924 Gasoline– 2¢ per gallon
 - o 1928 Gasoline– 4¢ per gallon
 - o 1930 Gasoline– 5¢ per gallon
 - o 1936 Gasoline– 7¢ per gallon

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Tax Rate Chronicle

- o 1948 Gasoline and special fuels- 9¢ per gallon
- o 1952 Gasoline and special fuels- 7¢ per gallon
- o 1968 Gasoline and special fuels- 8¢ per gallon
- o 1984 Gasoline and special fuels- 16¢ per gallon

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Tax Rate Chronicle

- o 1989 Act 16 of the First Extraordinary Session of 1989 increased the total tax on gasoline, motor fuels, and special fuels to the current 20¢ per gallon, not by increasing the 16¢ per gallon rate imposed by R.S. 47:711 and R.S. 47:802, but by levying an additional 4¢ under a new part titled Transportation Infrastructure Model for Economic Development (TIMED). The money generated by this levy, which became effective January 1, 1990, was specifically dedicated. By the same legislation, the Transportation Trust Fund was created wherein the 16¢ per gallon tax collections would eventually be deposited.
- o 1990 Gasoline and special fuels- combined rate of 20¢ per gallon
- o 2016 CNG and LNG- at 20¢ per gallon and LPG- 14.6¢ per gallon equivalent.

*73% of 20¢=14.6¢

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Gasoline and Diesel Fuels Tax

- Prior to July 1, 2006, the gasoline tax was collected from the dealer who first handled, sold, distributed, used, or consumed the gasoline and motor fuel in Louisiana. However, Acts 2005, No. 252 enacted R.S. 47:818.1 et seq. to move the point of collection for tax on motor fuels to the terminal rack. Clear diesel fuel is subject to tax when the product leaves the terminal via the rack so that subsequent sales of the product should be of taxed fuel and any clear diesel ultimately used for a nontaxable purpose could be eligible for the refund of the fuel tax paid.

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Special Fuels Tax

- Special fuels include compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG). The tax on these fuels was paid by any person who operated a motor vehicle upon the highways that used or was capable of using CNG, LNG or LPG. The tax was initially paid on an annual return and was evidenced by a decal that was issued to the operator for each vehicle.
- Owners or operators of motor vehicles that used CNG, LNG, or LPG paid an annual flat rate or tax based on usage depending on the weight of the vehicle. Acts 2005, No. 252 did not change the manner in which this tax was reported or collected.

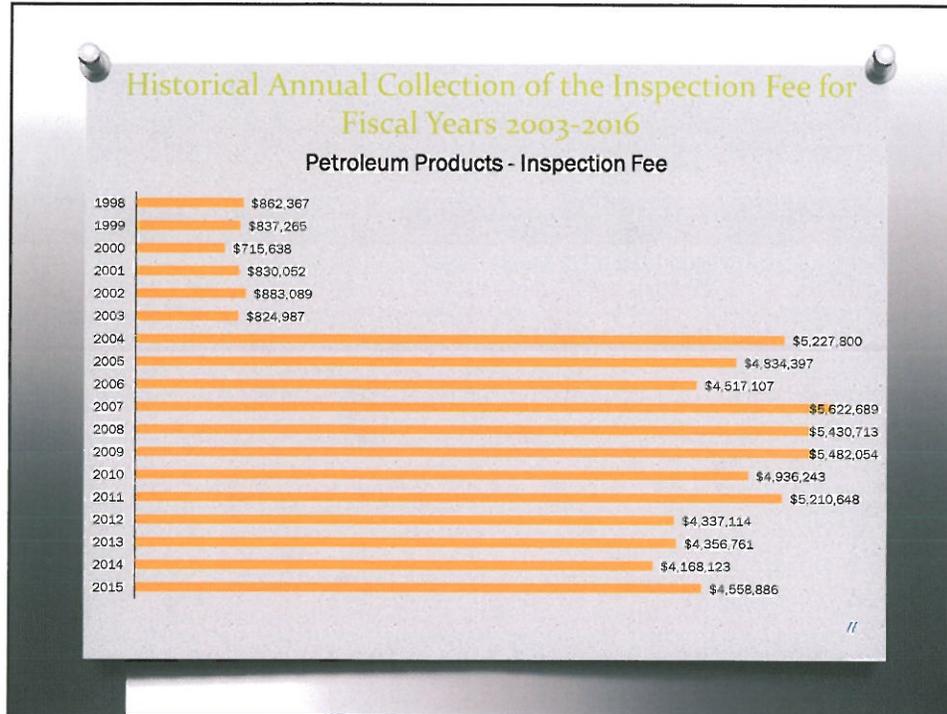
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Special Fuels Tax

- o Acts 2015, No. 147 changed the tax levied on CNG, LNG and LPG. Effective January 1, 2016, instead of the tax being collected via an annual decal, the tax is levied per gallon of CNG, LNG, and LPG. Any person or entity that delivers or sells fuel into the fuel supply tank of a motor vehicle is required to register and acquire a license from the Department of Revenue. These individuals or entities are known as special fuels dealers and remit the tax to LDR.
- o As a result of annual decals being issued or renewed between July 2015 through December 2015 and the January 1, 2016, effective date, LDR refunded \$137,894.68 to decal users.

Inspection Fee

- o Prior to fiscal year 2004 to defray the expenses of the Louisiana Department of Agriculture and Forestry connected with the inspection, testing, and analyzing of petroleum products in the state, an inspection fee of $\frac{1}{32}$ of one cent per gallon was collected on gasoline and motor fuels.
- o Act 139 of the 2003 Regular Session increased the inspection fee to $\frac{4}{32}$ of one cent per gallon on all petroleum products distributed, sold, or offered for sale or use or consumption in the state or used or consumed in the state. The fee, to be paid by the first person handling the fuel, must be paid before delivery to agents, dealers, or consumers in the state. The fee is not collected on liquefied petroleum gas, natural gas, or bulk sale or transfers and exports out of the state are not subject to the fee.



State Sales Tax on Gasoline

- o Article 7, §27 of the Louisiana Constitution provides that purchases of gasoline, diesel fuel, or special fuels which are subject to excise tax under Chapter 7 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950 shall be exempt from the state sales tax and any sales tax levied by a political subdivision as defined by Article VI, Section 44(2).
- o Has state law ever mandated that state sales tax be levied upon sales of gasoline?
 - o Act 57 of the 1944 Regular Session enacted R.S. 47:302, to levy a one cent sales tax on tangible personal property. The act simultaneously exempted sales of gasoline from sales tax.
 - o Act 9 of the 1948 Regular Session levied an additional 1 cent of sales tax (also in R.S. 47:302) and created the exemption for gasoline found in R.S. 47:305(D)(1)(a). The exemption from state sales tax provided by R.S. 47:305(D)(1)(a) for the sale at retail, use, consumption, distribution, and storage gasoline became effective on June 7, 1948.

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State Sales Tax on Gasoline

- o July 1, 1986—HCR 55 of the 1986 Regular Session suspended the exemptions to the one cent tax levied by R.S. 47:331 until June 30, 1987. Sales of gasoline were taxed at 1¢ from July 1, 1986 until June 30, 1987.
- o Beginning July 1, 1987 — Sales of gasoline were taxed at 1¢ until July 31, 1988.
- o Beginning August 1, 1988— Sales of gasoline were taxed at 3¢ until December 31, 1989.

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State Sales Tax on Gasoline

- o January 1, 1990—Act 874 of the 1989 Regular Session, created the constitutional amendment that established the Transportation Trust Fund and provided an exemption from the state sales tax to all purchases of gasoline, diesel fuel, or special fuels which are subject to the state excise tax. *Sales of gasoline which were not subject to an excise tax remained taxable at two cents until June 30, 1990.*

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State Sales Tax on Gasoline

- o According to the Tax Exemption Budget, revenue losses associated with the exemption provided by Article VII, Section 27 (Act 874 of the 1989 Regular Session) are as follows:
 - o FYE 2013--\$301 million
 - o FYE 2014--\$365.8 million
 - o FYE 2015--\$359.3 million
 - o FYE 2016--\$366.5 million (projected)
 - o FYE 2017--\$373.9 million (projected)

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Motor Fuel Tax Rate

- o Motor fuel tax is levied at an aggregate rate of 20¢ per gallon or gallon equivalent. From this amount, 4¢ per gallon or gallon equivalent is deposited into the Transportation Infrastructure Model for Economic Development Account.
- o The tax rate on gasoline and diesel, compressed natural gas and liquefied natural gas sold, used, or consumed in the state of Louisiana for the operation of motor vehicles licensed or required to be licensed for highway use is an aggregate of 20¢.
- o The tax rate on liquefied petroleum gas sold, used, or consumed in the state of Louisiana for the operation of motor vehicles licensed or required to be licensed for highway use is 14.6¢. The gasoline gallon equivalent for liquefied petroleum gas is an energy equivalent rate equal to seventy-three percent of the state tax per gallon on gasoline and diesel fuel which is the unit of measurement for purposes of the tax levied (73% of 20¢ per gallon equals 14.6¢).
- o The Inspection Fee is .00125¢ per gallon (4/32 of 1¢) but is not collected on CNG, LNG, or LPG.
- o Motor fuel tax is not collected on aviation fuel. However, the inspection fee is collected. To meet the provisions of Constitution Article 7, §27(B), it was agreed to allocate \$29.8 million per fiscal year to the Aviation Fund. The Department of Revenue identifies \$2,483,333 monthly to the Louisiana Department of Treasury.

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Transportation Trust Fund

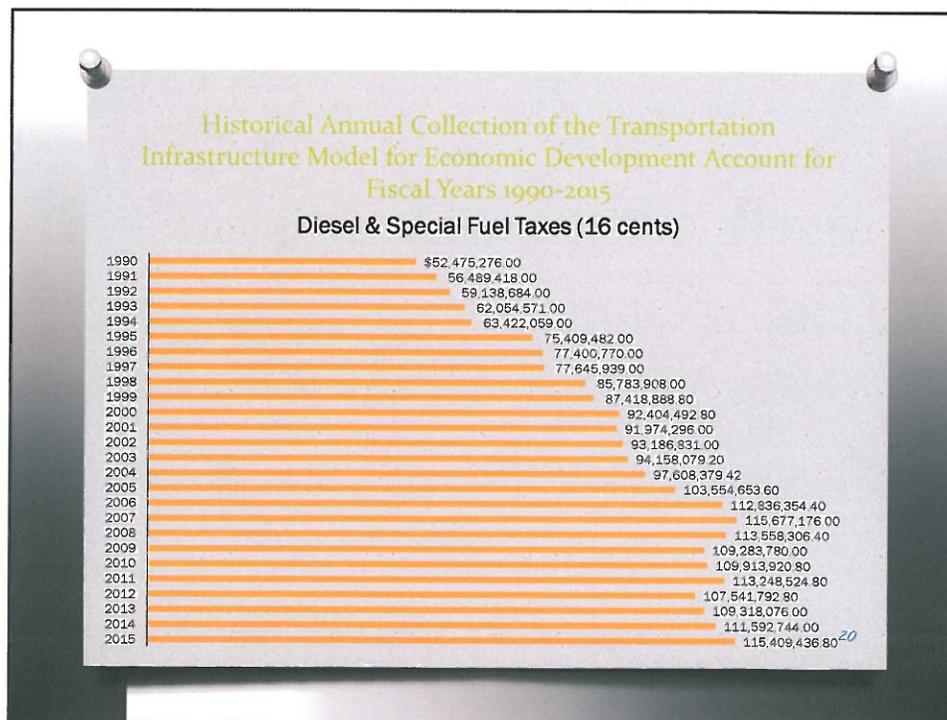
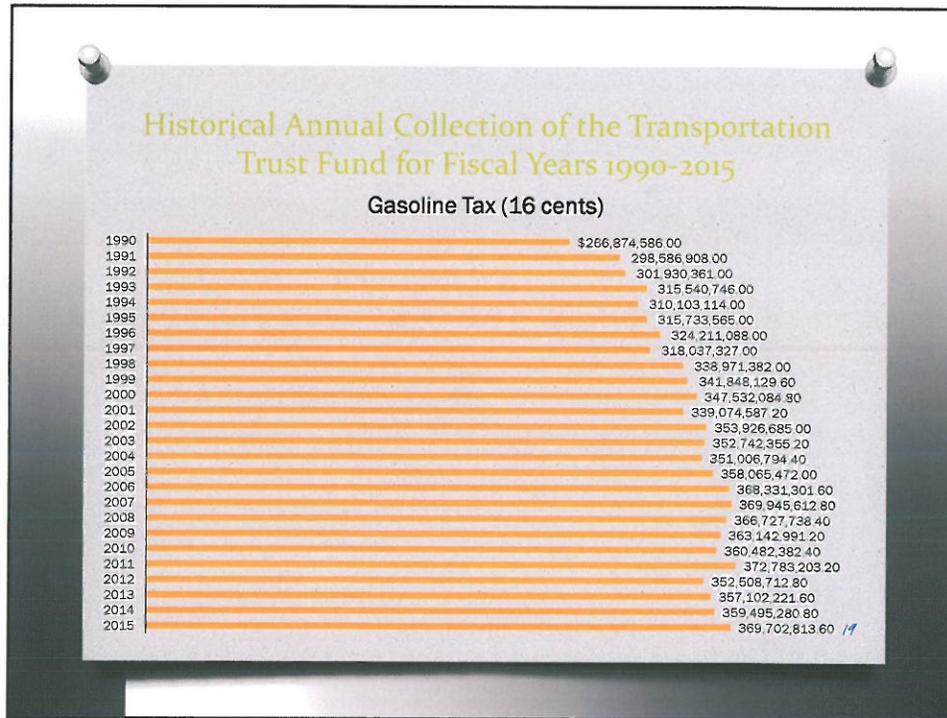
- o Article 7, §27 of the Louisiana Constitution created the Transportation Trust Fund (TTF).
- o The TTF went into effect January 1, 1990.
- o After the payment of bonds the excess is deposited into the Bond Security and Redemption Fund in the state Treasury.
- o The rate of taxes levied on gasoline and motor fuels and on special fuels, is as follows:
 - o for the fiscal year beginning July 1, 1989, 12¢ cents per gallon;
 - o for the fiscal year beginning on July 1, 1990, 14¢ cents per gallon;
 - o for the fiscal year beginning on July 1, 1991, and thereafter, all taxes levied on gasoline and motor fuels and on special fuels.
- o Purchases of gasoline, diesel fuel, or special fuels which are subject to excise tax under Chapter 7 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950 are exempt from the state sales tax and any sales tax levied by a political subdivision as defined by Article VI, Section 44(2).
- o All monies appropriated by the Federal Highway Administration and the Federal Aviation Administration, or their successors, either reimbursed or paid directly, must be paid directly or deposited in and credited to the trust fund.

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Transportation Trust Fund

- o The monies in the trust fund are appropriated or dedicated solely and exclusively for the costs for and associated with construction and maintenance of the roads and bridges of the state and federal highway systems, the Statewide Flood-Control Program or its successor, ports, airports, transit, state police for traffic control purposes, and the Parish Transportation Fund or its successor and for the payment of all principal, interest, premium, if any, and other obligations incident to the issuance, security, and payment in respect of bonds or other obligations payable from the trust fund

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Parish Transportation Fund

- o The Parish Transportation Fund is paid from the Transportation Trust Fund (TTF). Each year HB 1 appropriates an amount that is paid to the locals depending on the current collections in TTF.
- o The monies in the Parish Transportation Fund are be used
 - To regulate the proportion and direction and the making and repairing of the roads, bridges, causeways, dykes, dams, levees, and highways when, in the opinion of the parish governing authority, such work will further the best interest of the parish and the parish road system.
 - To maintain private driveways in connection with a general road improvement program within the right of way of a public road or highway owned by the parish when such maintenance serves a public purpose.
 - To purchase equipment for road work at the discretion of the parish governing authority.
 - To assist in the cost of providing public transit.
 - In addition, a parish governing authority, upon request of the governing authority of any incorporated municipality within the parish, may perform all or any part of the repair, maintenance, and care of roads, streets, alleys, bridges, and culverts and other drainage facilities, situated within and under the jurisdiction of such incorporated municipality.

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Parish Transportation Fund

- In addition, provided that the project cost does not exceed the contract limit as defined by R.S. 38:2212, and provided that the parish governing authority indemnifies the state for any loss or injury arising therefrom, a parish governing authority may perform maintenance work on state highway rights of way as follows:
 - (a) Install culverts in drainage ditches after acquisition of and in compliance with any permit as required by the department.
 - (b) Clean out ditches and work on shoulders of state highways.
 - (c) Patch potholes on aprons connecting parish and state highways.

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Transportation Infrastructure Model for Economic Development Account

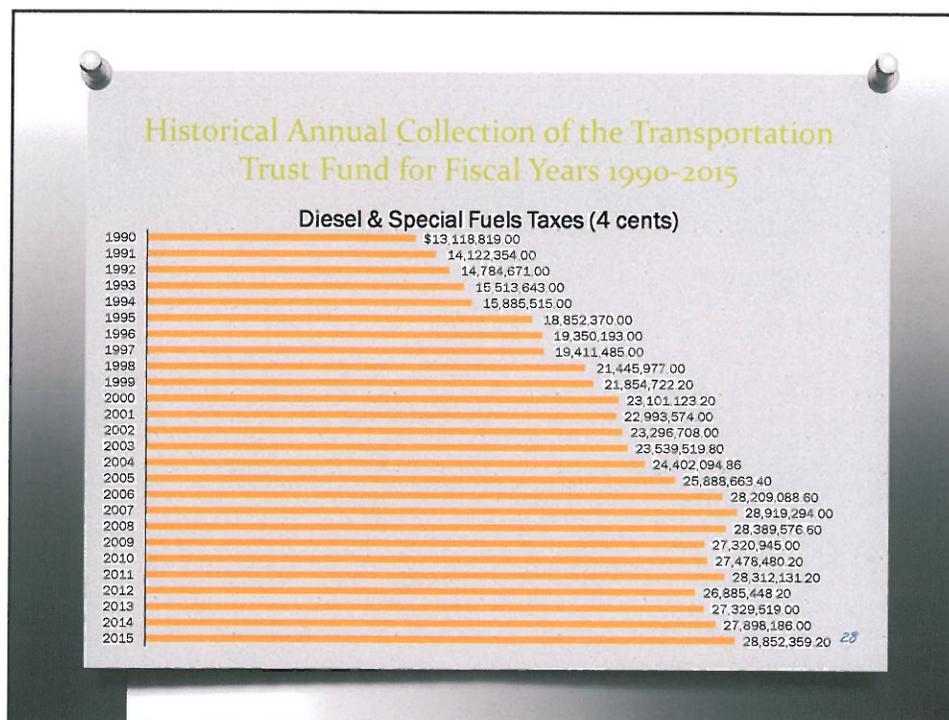
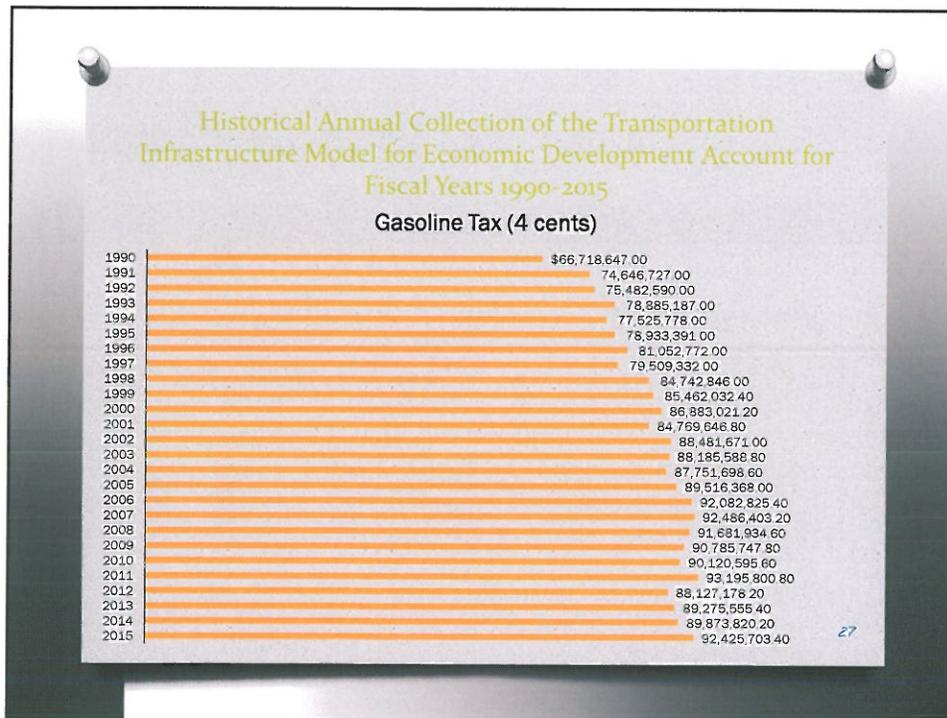
- o Acts 1989, 1st Extraordinary Session, No. 16 created the Transportation Infrastructure Model for Economic Development Account (TIMED).
- o TIMED went into effect January 1, 1990.
- o A tax of 4¢ a gallon is levied on all gasoline, diesel fuels and special fuels (CNG, LNG, and LPG).

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Transportation Infrastructure Model for Economic Development Account

- o The monies shall be used for the following:
 - o Highway projects
 - o Bridges
 - o Port of New Orleans
 - o New Orleans International Airport
 - o The Louisiana Highway 3241 project from Interstate 12 to Bush
- o However, the Department of Transportation and Development can revise the expenditure amounts annually and appear before the House and Senate Committees on Transportation, Highways and Public Works annually to inform the committees of the revisions.

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Summary

- What is the tax base?
 - Gasoline sold, used, or consumed in the state of Louisiana for domestic consumption
 - Diesel fuels, CNG, LNG and LPG sold, used, or consumed in Louisiana for the operation of motor vehicles that are licensed or required to be licensed for highway use

- What is the inspection fee base?
 - All petroleum products distributed, sold, or offered or exposed for sale or use or consumption in the state of Louisiana other than liquefied petroleum gas or natural gas

- What is the tax rate?
 - Gasoline and diesel fuels.....20¢ per gallon
 - Special fuels (CNG and LNG).....20¢ per gallon
 - Special Fuels (LPG)14.6¢ per gallon
 - Fee for inspection.....4/32 of 1¢ per gallon

- Gasoline and Diesel Fuels:
 - On July 1, 2006, the point of collection for the tax on gasoline and diesel was moved to the terminal rack. LDR began collecting the gasoline and diesel fuel tax when the fuel was removed from the terminal rack
 - Previously, the tax was collected from the dealer who first handled, sold, distributed, used or consumed the gasoline and on diesel when the intended use was in highway vehicles

- Special Fuel (CNG, LNG and LPG):
 - On January 1, 2016, LDR began collecting the special fuel tax from special fuel dealers who collect it from any person or entity upon the delivery of the fuel into the fuel supply tank of their motor vehicle
 - Previously, the tax was collected by the purchase of a decal at an annual flat rate or a variable rate of 16¢ per gallon, but not to exceed \$150, for each vehicle operating on CNG, LNG or LPG