



# Will Motor Carriers Shift to Gas Fuels?

## Challenges for Fuel Taxation

**Bob Pitcher**

VP, State Laws

American Trucking Associations

July 19, 2012



# Determining Factors

- Fuel
- Distribution Networks
- Equipment
- Carriers
- Tax Administration



# Fuel – Natural Gas

- CNG/LNG
- Abundant Supply
- Reasonable Price
- Future Availability
  - Demand for Transportation Uses
  - U.S. Exports
  - Tax & Regulatory Framework



# Distribution Networks

- Gas Pipelines
- Fueling Stations Going Up Fast
- Deliveries Truck-Dependent
- Regulatory Framework Important



# Equipment

- Few OTR Trucks to Date
- LNG vs. CNG
- Price-Competitive vis-à-vis Diesel?
- Manufacturers All Interested
- A Period of Experimentation?
- Heavy LNG Trucks Are HYBRIDS
- Maintenance, Safety Considerations



# Carriers

- Economic Environment
- Some Carriers Enthusiastic
- Availability of Fuel, Equipment
- Carrier Requirements, Specs Vary
- Tax, Regulatory Framework Mostly Unknown



# Just Suppose...

- By the end of 2014:
  - Natural Gas Prices Remain Stable
  - 600 LNG Truck-fueling Stations in US & Canada
  - Dealers Selling 50,000 LNG/CNG Tractors a Year
- Are YOU Ready ??



# Tax Administration

- Adequate Fuel Tax System Necessary for Success
- States Vary Greatly in Taxation of LNG, CNG
- Provinces Mostly Don't Tax LNG or CNG
- Administrative Apparatus Lacking?



# Questions & Challenges

- What's a Gallon?
- Where's the Tax Imposed?
- Who's the Taxpayer?
- How to Regulate Fuel Deliveries?
- How to Measure Fuel Use in Hybrids?
- What's the Effect on MPG?
- What Are Appropriate Tax Rates?
- Will Audit Practices Need to Change?