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**NORTH
CAROLINA
DEPARTMENT
OF REVENUE**

**Excise Tax Division
North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001
www.dornc.com**

IMPORTANT NOTICE: CLARIFICATION OF EXCISE TAX REPORTING REQUIREMENTS FOR ALTERNATIVE FUELS

This notice is issued to clarify that alternative fuels, including Liquefied Propane Gas, Compressed Natural Gas, and Liquefied Natural Gas, shall be reported in **Gasoline or Diesel Gallon Equivalents**, for motor fuel tax purposes. Session Law 2015-224 established the energy equivalent for Liquefied Propane Gas (LPG) at 5.75 pounds and imposed the fuel tax on LPG based on each gasoline gallon equivalent. This law change was enacted to equalize the tax on propane used as a motor fuel and to comport with prior legislation equalizing the tax on other alternative fuels.

Part I of this notice provides the statutory gallon equivalent equalization factors and the conversion formulas to be used for Liquefied Propane Gas (LPG), Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG). Examples are provided for each product type.

Part II of this notice explains how Form GAS-1252, Alternative Fuels Provider Return, will be used to report alternative fuels gallon equivalents for motor fuel tax purposes.

Part I: Alternative Fuels Equalization Factors and Conversion Formulas

For alternative fuels used as a motor fuel, tax is imposed on each gallon equivalent. All units must be reported in gasoline or diesel gallon equivalents using the following equalization factor and conversion formulas:

Liquefied Propane Gas (LPG): When LPG is dispensed as a motor fuel, the method of measurement is one (1) gasoline gallon equivalent equals 5.75 lbs. of LPG. To convert gallons of LPG to gasoline gallon equivalents (GGE), divide total LPG gallons by 1.353.

Compressed Natural Gas (CNG): When CNG is dispensed as a motor fuel, the method of measurement is one (1) gasoline gallon equivalent equals 5.66 lbs. of CNG. To convert cubic feet of CNG to gasoline gallon equivalents (GGE), divide total cubic feet by 123.57.

Liquefied Natural Gas (LNG): When LNG is dispensed as a motor fuel, the method of measurement is one (1) diesel gallon equivalent equals 6.06 lbs. of LNG. To convert gallons of LNG to diesel gallon equivalents (DGE), divide total LNG gallons by 1.71.

Examples for each product type:

Liquefied Propane Gas (LPG)

10,000 gallons of LPG divided by 1.353 = 7,391 GGE (rounded to the nearest whole gallon equivalent)

Compressed Natural Gas (CNG):

10,000 cubic feet of CNG divided by 123.57 = 81 GGE (rounded to the nearest whole gallon equivalent)

Liquefied Natural Gas (LNG)

10,000 gallons of LNG divided by 1.71 = 5,848 DGE (rounded to the nearest whole gallon equivalent)

Part II: Reporting gallon equivalents for alternative fuels

Alternative fuel providers who sell or use alternative fuel for highway purposes must file and pay motor fuel Excise Tax using Form GAS-1252, Alternative Fuels Provider Return. Form GAS-1252 is available for electronic filing or may be obtained through the Department's website at www.dornc.com. When completing Form GAS-1252, report all gallons as gasoline or diesel gallon equivalents, based on the equalization factor and conversion formulas provided in Part I of this Important Notice for each type of alternative fuel. All gasoline gallon equivalents for Liquefied Propane Gas (LPG) should be reported in the Propane column on the GAS-1252. All diesel gallon equivalents for Liquefied Natural Gas (LNG) should be reported in the Compressed Natural Gas (CNG) column on the GAS-1252, in addition to any gasoline gallon equivalents for Compressed Natural Gas (CNG). The Alternative Fuels Provider Return, Form GAS-1252, will calculate the road tax and inspection tax when the total gasoline or diesel gallon equivalent is entered on the form.

Session law 2015-224 took effect January 1, 2016. If you have filed GAS-1252 returns for Liquefied Propane Gas (LPG) used as a motor fuel since January 1, 2016, and did not report gallons subject to tax using gasoline gallon equivalents on your original return, you must amend your return using the equalization factor and conversion formula. All returns should be filed by accessing the Department's website at www.dornc.com.

If you have questions about this Important Notice, you may contact Carren Bowling, Administration Officer III, toll free at telephone number (877) 919-1819 and entering Agent ID code 1327527.