

1 HB333  
2 182995-2  
3 By Representative Johnson (K)  
4 RFD: Transportation, Utilities and Infrastructure  
5 First Read: 28-FEB-17

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8 SYNOPSIS: Under existing law, a person who owns or  
9 operates, or both, a motor vehicle that uses  
10 natural gas is not required to obtain an annual  
11 decal from the Liquefied Petroleum Gas Board or  
12 remit the required motor fuel excise tax until May  
13 1, 2017.

14 This bill would establish a standardized  
15 motor fuel and enforcement system for the  
16 collection of excise tax on compressed natural gas  
17 and liquefied natural gas and would provide civil  
18 and criminal penalties for violations.

19 Amendment 621 of the Constitution of Alabama  
20 of 1901, now appearing as Section 111.05 of the  
21 Official Recompilation of the Constitution of  
22 Alabama of 1901, as amended, prohibits a general  
23 law whose purpose or effect would be to require a  
24 new or increased expenditure of local funds from  
25 becoming effective with regard to a local  
26 governmental entity without enactment by a 2/3 vote  
27 unless: it comes within one of a number of

1 specified exceptions; it is approved by the  
2 affected entity; or the Legislature appropriates  
3 funds, or provides a local source of revenue, to  
4 the entity for the purpose.

5 The purpose or effect of this bill would be  
6 to require a new or increased expenditure of local  
7 funds within the meaning of the amendment. However,  
8 the bill does not require approval of a local  
9 governmental entity or enactment by a 2/3 vote to  
10 become effective because it comes within one of the  
11 specified exceptions contained in the amendment.

12  
13 A BILL  
14 TO BE ENTITLED  
15 AN ACT  
16

17 To amend Sections 40-17-160, 40-17-161, 40-17-165,  
18 and 40-17-167, Code of Alabama 1975, relating to the liquefied  
19 petroleum gas and natural gas fuel tax, to remove references  
20 to natural gas; to add Article 3B, commencing with Section  
21 40-17-168, to Chapter 17 of Title 40, Code of Alabama 1975, to  
22 establish a standardized motor fuel tax collection and  
23 enforcement system for the collection of excise tax on  
24 compressed natural gas and liquefied natural gas; to provide  
25 civil and criminal penalties for violations; to provide for  
26 rulemaking authority; and in connection therewith would have  
27 as its purpose or effect the requirement of a new or increased

1 expenditure of local funds within the meaning of Amendment 621  
2 of the Constitution of Alabama of 1901, now appearing as  
3 Section 111.05 of the Official ReCompilation of the  
4 Constitution of Alabama of 1901, as amended.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Sections 40-17-160, 40-17-161, 40-17-165,  
7 and 40-17-167, Code of Alabama 1975, are amended to read as  
8 follows:

9 "§40-17-160.

10 "(a) In lieu of an excise tax on liquefied petroleum  
11 gas ~~and natural gas~~ used to propel motor vehicles over the  
12 highways of this state, there is hereby levied an annual flat  
13 fee on the following classes of vehicles which require a motor  
14 vehicle license using liquefied petroleum gas ~~or natural gas~~  
15 as fuel. For all other purposes other than the excise tax, the  
16 ~~terms term~~ "liquefied petroleum gas" ~~and "natural gas"~~ shall  
17 be included with the term gasoline as defined in Section  
18 ~~40-17-30~~ 40-17-322:

19 "Class 1. Passenger automobiles, vans, and trucks  
20 and pickups under one ton.....\$75.00

21 "Class 2. Recreational vehicles and vans and trucks  
22 one ton or over but with a rear axle carrying capacity of less  
23 than 14,000 pounds.....\$85.00

24 "Class 3. Bobtail trucks and equivalent vehicles to  
25 be defined as any other vehicle having the capacity of  
26 carrying a loaded rear axle weight of 14,000 pounds or  
27 more.....\$150.00

1                   "Class 4. Tractor/trailer  
2 units.....  
3 .....\$175.00

4                   "(b) In the event an additional excise tax is  
5 implemented for alternative fuel vehicles, other than those  
6 powered by compressed natural gas or liquefied natural gas,  
7 such excise tax shall also be applicable to liquefied  
8 petroleum gas used to propel motor vehicles over the highways  
9 of this state in lieu of the annual fee provided for in  
10 Section 40-17-160, Code of Alabama 1975."

11                   "§40-17-161.

12                   "(a) Every person owning and/or operating such  
13 vehicles shall make application for and obtain an annual decal  
14 from the Liquefied Petroleum Gas Board which shall serve as an  
15 identification marker that the flat fee has been paid. Each  
16 decal issued by the Liquefied Petroleum Gas Board shall not  
17 exceed a cost of five dollars (\$5). The decal shall be in such  
18 form and of such size as the Liquefied Petroleum Gas Board  
19 shall prescribe. ~~Such~~ The decal shall be attached or affixed  
20 to the vehicle in the place and manner prescribed by the  
21 Liquefied Petroleum Gas Board. The decals provided for in this  
22 chapter shall be issued for a term that shall begin at April 1  
23 of each year and expire on March 31 of the following year. If  
24 any ~~passenger automobile or truck~~ vehicle is acquired,  
25 liquefied petroleum gas ~~or natural gas~~ system installed or  
26 vehicle put in operation after September 30 the fee shall be  
27 one-half the flat fee stated in Section 40-17-160, or after

1 December 31, the fee shall be one-fourth of the flat fee  
2 stated in Section 40-17-160. Owners of all newly converted  
3 vehicles must apply for the required decal as provided for in  
4 Section 40-17-160 within 10 days of the completion date in  
5 which the liquefied petroleum ~~or natural gas~~ system was  
6 installed on the vehicle. Failure to submit an application  
7 within the 10-day period requires the payment of penalties as  
8 prescribed by Section 40-17-164.

9 ~~"(b) In order to easily identify vehicles using  
10 liquefied petroleum gas as a motor fuel to police, fire and  
11 rescue members, a decal reading "Powered by Liquefied  
12 Petroleum Gas" shall be prominently displayed on the rear of  
13 any vehicle using liquefied petroleum gas as a motor fuel. The  
14 decal colors shall be blue with a white background with the  
15 letters no smaller than one inch in size. Provided, however,  
16 that such decal shall not be required on liquefied petroleum  
17 gas bobtail delivery units.~~

18 ~~"(c) (b)~~ The board administrator and the board  
19 inspectors shall have the power and authority to issue a  
20 uniform nontraffic citation to any person violating the  
21 provisions of this section. For the purpose of enforcing this  
22 section, there shall be prima facie evidence that a connected,  
23 operational liquefied petroleum gas carburetion/injection  
24 system, which is part of a dual or switchable  
25 gasoline-liquefied petroleum gas system, has been in use, if  
26 there is liquefied petroleum gas in the liquefied petroleum  
27 gas tank. Any violation of ~~the provisions of~~ this section

1 shall constitute a Class B misdemeanor ~~as defined in Title~~  
2 ~~13A, and shall be punished as provided by law."~~

3 "§40-17-165.

4 "If an out-of-state vehicle comes to a propane ~~or~~  
5 ~~natural gas~~ dealer or supplier in the State of Alabama to  
6 purchase fuel, the dealer must collect in lieu of any fees  
7 levied by this chapter an amount equal to the current Alabama  
8 motor fuel tax in effect as prescribed by subdivision (a) (2)  
9 of Section 40-17-325, and remit these funds to the Alabama  
10 LP-Gas Board before the 20th of the following month after the  
11 date of the sale. Decals for out-of-state vehicles can be  
12 purchased with decal fees and issuance fees to be paid as  
13 prescribed by Sections 40-17-160 and 40-17-161."

14 "§40-17-167.

15 "(a) The Legislature of Alabama makes the following  
16 findings and statements:

17 "(1) The reduction of the dependence on foreign oil  
18 is necessary to reserve and protect our national security.

19 "(2) Reliable and affordable energy is of great  
20 importance to all sectors of Alabama's economy.

21 "(3) Long-term sustainability of energy supply and  
22 efficient and effective distribution of energy is becoming  
23 increasingly important to Alabama's population growth and  
24 economic expansion.

25 "(4) The future energy needs of the state also  
26 present opportunities to diversify the state's energy supply

1 and provide new opportunities for Alabama-based clean energy  
2 technologies.

3 "(5) The use of existing technology and development  
4 of new technologies including compressed and liquefied natural  
5 gas should be encouraged as a way of producing energy with  
6 reduced emissions.

7 "(b) The Legislature recognizes that it is in the  
8 best interest of its citizens to remove existing barriers to  
9 implementing natural gas distribution for motor vehicles until  
10 such time as a comprehensive approach is established for  
11 regulating and taxing natural gas for motor vehicles. This  
12 includes temporarily eliminating the decals and associated  
13 fees that are currently required of owners or operators of  
14 motor vehicles using compressed and liquefied natural gas, as  
15 well as temporarily suspending any motor fuel excise taxes due  
16 on compressed or liquefied natural gas used as fuel for  
17 vehicles.

18 "(c) (1) The requirement to obtain a decal from the  
19 Liquefied Petroleum Gas Board, as well as ~~the~~ any requirement  
20 to collect the motor fuel tax as prescribed in this ~~article~~  
21 chapter, are hereby suspended from April 9, 2014, until ~~May 1,~~  
22 2017 October 1, 2018.

23 "~~(2) In the event that no comprehensive approach for~~  
24 ~~regulating and taxing natural gas used as fuel for motor~~  
25 ~~vehicles has been established by May 1, 2017, beginning on~~  
26 ~~that date each 5.66 pounds of compressed natural gas that is~~  
27 ~~taxable as motor fuel shall be taxed as one gallon of~~

1 gasoline, and each 6.06 pounds of liquefied natural gas that  
2 is taxable as motor fuel shall be taxed as one gallon of  
3 diesel fuel. Provided, however, that if the National  
4 Conference for Weights and Measures establishes standards for  
5 converting compressed natural gas to a gallon of gasoline and  
6 for converting liquefied natural gas to a gallon of diesel  
7 fuel, such standard conversions shall be used.

8 ~~"(3) Compressed natural gas and liquefied natural~~  
9 ~~gas may be sold in gallon equivalents as established in~~  
10 ~~subdivision (2) until May 1, 2017. In the event that no~~  
11 ~~comprehensive approach for regulating and taxing natural gas~~  
12 ~~used as fuel for motor vehicles has been established at that~~  
13 ~~time, compressed natural gas and liquefied natural gas shall~~  
14 ~~be sold in gallon equivalents as established in subdivision~~  
15 ~~(2).~~

16 ~~"(4) (2) This section shall not apply to the~~  
17 ~~remainder of this article."~~

18 Section 2. A new Article 3B, commencing with Section  
19 40-17-168, is added to Chapter 17, Title 40, Code of Alabama  
20 1975, to read as follows:

21 §40-17-168.

22 The Legislature declares that the intent of this  
23 article is to establish an efficient, standardized motor fuel  
24 tax collection and enforcement system for the collection of  
25 the excise tax on compressed natural gas and liquefied natural  
26 gas.

27 §40-17-168.1.

1           For the purposes of this article, the following  
2 terms shall have the following meanings:

3           (1) COMMISSIONER. The Commissioner of the Department  
4 of Revenue.

5           (2) COMPRESSED NATURAL GAS (CNG). Natural gas  
6 compressed to a pressure at or above 200-248 bar (i.e.,  
7 2900-3600 pounds per square inch) and stored in high-pressure  
8 containers and used as a fuel for natural gas-powered  
9 vehicles.

10          (3) DEPARTMENT. The Department of Revenue.

11          (4) DIESEL GALLON EQUIVALENT (DGE) or  
12 DIESEL-EQUIVALENT GALLON (DEG). The amount of alternative fuel  
13 it takes to equal the energy content of one liquid gallon of  
14 diesel fuel. The term is a measure for consumers to compare  
15 the energy content of competing fuels against diesel fuel and  
16 is 6.059 pounds of liquefied natural gas for one gallon of  
17 diesel fuel unless the National Conference for Weights and  
18 Measures establishes standards for converting liquefied  
19 natural gas to a gallon of diesel fuel at which time such  
20 standard conversion shall be used.

21          (5) FLEET PRODUCER OF CNG/LNG. Any person, entity,  
22 or business producing CNG or LNG for use in one or more  
23 vehicles designed to be operated on the public roads and  
24 highways that are owned and operated as a unit for commercial  
25 purposes.

26          6) GASOLINE GALLON EQUIVALENT (GGE) or  
27 GASOLINE-EQUIVALENT GALLON (GEG). The amount of alternative

1 fuel it takes to equal the energy content of one liquid gallon  
2 of gasoline. The term is a measure for consumers to compare  
3 the energy content of competing fuels against gasoline and is  
4 5.66 pounds of compressed natural gas or 126.67 cubic feet for  
5 one gallon of gasoline unless the National Conference for  
6 Weights and Measures establishes standards for converting  
7 compressed natural gas to a gallon of gasoline at which time  
8 such standard conversion shall be used.

9 (7) LIQUEFIED NATURAL GAS (LNG). Natural gas that  
10 has been liquefied by reducing its temperature to -260 degrees  
11 Fahrenheit at atmospheric pressure.

12 (8) NATURAL GAS. A gaseous mixture of hydrocarbon  
13 compounds, the primary one being methane.

14 (9) PERSONAL PRODUCER OF CNG. Any individual  
15 producing and using CNG as a fuel in a personal vehicle used  
16 for noncommercial purposes.

17 (10) PUBLIC SELLER OF CNG/LNG. Any person operating  
18 a service station or other retail outlet engaged in the  
19 selling of CNG or LNG to the ultimate consumer for use in a  
20 vehicle designed to be operated on public roads and highways.

21 §40-17-168.2.

22 (a) There is hereby levied a reduced rate excise tax  
23 on compressed natural gas (CNG) and liquefied natural gas  
24 (LNG) in an amount of \$.08 per GGE or DGE effective October 1,  
25 2018. Effective October 1, 2023, the reduced rate excise tax  
26 on compressed natural gas (CNG) and liquefied natural gas  
27 (LNG) will increase to \$.13 per GGE or DGE. Effective October

1 1, 2028, the excise tax on compressed natural gas (CNG) will  
2 increase to the gasoline excise tax rate as prescribed by  
3 subsection (a) (1) of Section 40-17-325 per gasoline gallon  
4 equivalent (GGE) and the excise tax on liquefied natural gas  
5 (LNG) will increase to the diesel fuel excise tax rate as  
6 prescribed by subsection (a) (2) of Section 40-17-325 per  
7 diesel gallon equivalent (DGE). Effective October 1, 2028, in  
8 the event that an additional gasoline excise tax, which is not  
9 referenced in subsection (a) (1) of Section 40-17-325, is  
10 levied, the excise tax on compressed natural gas (CNG) will be  
11 calculated using the combined gasoline excise tax rates for  
12 compressed natural gas (CNG) per gasoline gallon equivalent  
13 (GGE). In the event that an additional diesel fuel excise tax,  
14 which is not referenced in subsection (a) (2) of Section  
15 40-17-325, is levied, the excise tax on liquefied natural gas  
16 (LNG) will be calculated using the combined diesel fuel excise  
17 tax rates for liquefied natural gas (LNG) per diesel gallon  
18 equivalent (DGE).

19 (1) Every public seller must collect and pay over to  
20 the department an excise tax in an amount equal to the excise  
21 tax in effect as prescribed by subsection (a) of this Section  
22 per GGE on compressed natural gas or per DGE on liquefied  
23 natural gas upon the sale of the compressed natural gas or  
24 liquefied natural gas for use in a vehicle designed to be  
25 operated on the public roads and highways.

26 (2) Fleet producers of compressed natural gas or  
27 liquefied natural gas shall remit to the department an excise

1 tax in an amount equal to the excise tax in effect as  
2 prescribed by subsection(a) of this Section per GGE on  
3 compressed natural gas or per DGE on liquefied natural gas  
4 withdrawn for use in a vehicle designed to be operated on the  
5 public roads and highways.

6 (b) (1) Personal producers of compressed natural gas  
7 who installed a system to compress natural gas, prior to  
8 January 1, 2019, that will be used to fuel a motor vehicle  
9 must submit an application fee, based upon the number of CNG  
10 powered vehicles, to the department no later than January 20,  
11 2019. Beginning January 1, 2019, each personal producer of  
12 compressed natural gas must submit an application with the  
13 applicable fee per CNG vehicle to the department within 20  
14 calendar days from the completed date of installation of a new  
15 system to compress natural gas that will be used to fuel a  
16 motor vehicle.

17 (2) There is hereby levied an annual application fee  
18 of one hundred (\$100) per vehicle for all personal producers  
19 of compressed natural gas in lieu of the excise tax levied in  
20 subsection (a). The annual application fee is due January 20  
21 of each calendar year beginning with January 1, 2019, and each  
22 calendar year thereafter. If a CNG vehicle is purchased, by  
23 the personal producer who has installed a system to compress  
24 natural gas, after January 1 in any calendar year, the  
25 application fee is due to the department within 20 calendar  
26 days following purchase or acquisition of the CNG powered  
27 vehicle. If any vehicle is acquired, natural gas system

1 installed, or vehicle put in operation after June 30 the fee  
2 shall be one-half the flat fee stated in Section 40-17-168.2,  
3 or after September 30, the fee shall be one-fourth of the flat  
4 fee stated in Section 40-17-168.2. The personal producer must  
5 include the vehicle identification number of each vehicle that  
6 is powered by compressed natural gas, the purchase date of the  
7 CNG vehicle, date of installation of system, and any other  
8 documentation the department deems necessary on the annual  
9 application. The annual fee shall not apply to a fleet  
10 producer. A bond will not be required for a personal producer  
11 of compressed natural gas who files the annual application  
12 fee. A refund will not be granted to the personal producer if  
13 the vehicle is sold during the calendar year. The personal  
14 producer is required to notify the department within 20  
15 calendar days if he or she ceases to be a personal producer of  
16 compressed natural gas for use in a vehicle.

17 (3) Failure to submit an application and required  
18 fee shall subject the personal producer to a penalty of not  
19 greater than five hundred dollars (\$500) per vehicle.

20 (c) If the motor fuel excise tax is collected by the  
21 public seller or fleet producer of CNG or LNG or the annual  
22 application fee is remitted by the personal producer for  
23 compressed natural gas, the compressed natural gas or  
24 liquefied natural gas shall not be subject to sales or use tax  
25 levied by this state.

26 §40-17-168.3.

1           Each application for a license under this article  
2 must be made upon a form prescribed by the commissioner and  
3 furnished by the department.

4           §40-17-168.4.

5           Each person engaged in business in this state as a  
6 public seller of CNG/LNG or a fleet producer of CNG/LNG shall  
7 first obtain a public seller of CNG/LNG or a fleet producer of  
8 CNG/LNG license. The application fee for a public seller of  
9 CNG/LNG or a fleet producer of CNG/LNG license is fifty  
10 dollars (\$50). Only one license is necessary for multiple  
11 locations; however, the public seller of CNG/LNG or a fleet  
12 producer of CNG/LNG must remit a twenty-five dollar (\$25)  
13 registration fee for each additional location in existence or  
14 upon establishing or acquiring a new location.

15           §40-17-168.5.

16           (a) Upon approval of the application by the  
17 department, the applicant must file with the department a  
18 surety bond. The bond amount for an applicant for a license as  
19 a public seller of CNG/LNG or a fleet producer of CNG/LNG  
20 shall be a minimum of twenty-five thousand dollars (\$25,000)  
21 or in the approximate amount of twice the average monthly tax  
22 liability, whichever is greater.

23           (b) The department shall review the bond amounts  
24 every five years beginning January 2023 to ensure that each  
25 public seller of CNG/LNG and each fleet producer of CNG/LNG  
26 has posted a surety bond sufficient to cover twice the average  
27 monthly tax liability as referenced in subdivision (a). Based

1 upon this review or at any time that the department determines  
2 that the bond amount is insufficient to cover twice the  
3 average monthly tax liability, the commissioner may require an  
4 additional surety bond from any licensee under one or more of  
5 the following circumstances:

6 (1) The commissioner determines that the surety on  
7 an existing bond is unsatisfactory.

8 (2) A surety notifies the department that it intends  
9 to cancel a bond as provided in subsection (d).

10 (3) The commissioner, after reviewing the payment  
11 history of the licensee, determines that the existing bond of  
12 the licensee is insufficient in an amount to insure the prompt  
13 payment of all excise taxes that are due or may become due to  
14 the state by the licensee upon the sale or withdrawal of  
15 compressed natural gas or liquefied natural gas. However, in  
16 no case shall a new or additional bond be more than two months  
17 of average excise tax owed by the licensee.

18 (c) (1) The department shall notify a licensee at his  
19 or her last known address by first class U.S. mail or, at the  
20 option of the department, certified mail, return receipt  
21 requested, that it is requiring such new or additional bond  
22 for any reason as provided above, and the licensee, within 30  
23 days from the date the notice is mailed by the department,  
24 shall do either of the following:

25 a. File the new or additional bond as requested by  
26 the department.

1           b. File a notice of appeal with the Alabama Tax  
2 Tribunal as allowed in Chapter 2A of this title.

3           (2) The department may immediately cancel the  
4 licensee's license upon the expiration of the 30-day period  
5 set out above if the licensee fails to either provide the new  
6 or additional bond requested by the department or timely  
7 appeal to the Alabama Tax Tribunal.

8           (d)(1) Any surety on an existing bond furnished by a  
9 licensee may notify the department in writing of its intent to  
10 cancel the bond. The department shall immediately notify the  
11 licensee of the intent of the surety to cancel the surety  
12 bond, and the licensee shall have 30 days from the date the  
13 notice is mailed by the department to provide a sufficient  
14 replacement bond as requested by the department.

15           (2) The department may immediately cancel the  
16 licensee's license upon expiration of the 30-day period set  
17 out above if the licensee fails to either provide a new  
18 replacement bond as requested by the department or appeal the  
19 proposed revocation to the Alabama Tax Tribunal within the 30  
20 days as allowed by Chapter 2A of this title.

21           (3) The surety requesting to be released shall  
22 remain liable for any liability already accrued or which shall  
23 accrue during the 30-day period set out above, but shall not  
24 be responsible for any liability which accrues after the  
25 30-day period.

26           (e) A surety providing a bond must be authorized to  
27 engage in business within this state. The surety bonds are

1 conditioned upon faithful compliance with this article,  
2 including the filing of returns and the payment of all tax  
3 prescribed herein. The surety bonds shall be approved by the  
4 commissioner as to sufficiency and form, and shall indemnify  
5 the state against any loss arising from the failure of the  
6 licensee to pay, for any cause, the motor fuel excise tax  
7 levied by this article.

8 (f) A personal producer of CNG is not required to  
9 post a bond.

10 §40-17-168.6.

11 (a) The department may refuse to issue a license  
12 under this article if the applicant or a principal of the  
13 applicant has done any of the following:

14 (1) Had a compressed natural gas or liquefied  
15 natural gas license or registration issued by this state or  
16 another state cancelled for cause.

17 (2) Been convicted of any offense involving fraud or  
18 misrepresentation.

19 (3) Been convicted of any other offense that  
20 indicates that the applicant may not comply with this article  
21 if issued a license.

22 (b) The department may also refuse to issue a  
23 license if the applicant is in arrears to the state for any  
24 taxes or for other good cause shown.

25 (c) Any refusal by the department under this section  
26 to issue a license may be appealed to the Alabama Tax Tribunal  
27 under Chapter 2A of this title.

1 §40-17-168.7.

2 Upon approval of the required bond, the department  
3 shall issue the license to the applicant. The license is not  
4 transferable and remains in effect until surrendered or  
5 cancelled.

6 §40-17-168.8.

7 (a) A licensee who discontinues in its entirety the  
8 business for which a license was authorized by this article  
9 shall notify the department in writing at least 10 days prior  
10 to the time the discontinuance, sale, or transfer takes effect  
11 and shall surrender the license to the department. The notice  
12 shall state the effective date of the discontinuance and, if  
13 the licensee has transferred the business or otherwise  
14 relinquished control to another person by sale or other means,  
15 the date of the sale or transfer and the name and address of  
16 the person to whom the business is transferred or  
17 relinquished. The notice shall also include any other  
18 information required by the department.

19 (b) All taxes for which the licensee is liable under  
20 this article but are not yet payable shall be due on the date  
21 of the discontinuance. If the licensee has transferred the  
22 business to another person and does not give the notice  
23 required herein, the person to whom the business was  
24 transferred is jointly and severally liable for the amount of  
25 any tax owed by the licensee to this state on the date the  
26 business was transferred. The liability of the person to whom

1 the business was transferred may not exceed the value of the  
2 property and business acquired from the licensee.

3 §40-17-168.9.

4 (a) In accordance with Chapter 2A of this title, the  
5 department may cancel any license required under this article,  
6 upon written notice sent to the licensee's last known address  
7 as it appears in the department's files, for any of the  
8 following reasons:

9 (1) Filing by the licensee of a false report of the  
10 data or information required by this article.

11 (2) Failure, refusal, or neglect of the licensee to  
12 file a report or to provide any information required by this  
13 article.

14 (3) Failure of the licensee to pay the full amount  
15 of all excise taxes due or to pay any penalties or interest  
16 due.

17 (4) Failure of the licensee to keep accurate records  
18 of the quantities of compressed natural gas or liquefied  
19 natural gas produced, sold, or used in Alabama.

20 (5) Failure to file a new or additional surety bond  
21 upon request of the department pursuant to this article.

22 (6) Conviction of the licensee or a principal of the  
23 licensee for any act prohibited under this article.

24 (7) Failure, refusal, or neglect of a licensee to  
25 comply with any other provision of this article or any rule  
26 promulgated pursuant to this article.

1           (8) Having a compressed natural gas or liquefied  
2 natural gas license or registration issued by another state  
3 cancelled for cause.

4           (9) Change in the ownership or control of the  
5 licensee.

6           (b) The license can be cancelled upon the written  
7 request of the licensee.

8           §40-17-168.10.

9           (a) A licensed public seller of compressed natural  
10 gas or liquefied natural gas or the licensed fleet producer of  
11 compressed natural gas or liquefied natural gas may deduct the  
12 number of gallons of compressed natural gas or liquefied  
13 natural gas sold or disbursed to the following entities  
14 provided that the exempt entity has a valid exempt entity  
15 license issued in accordance with subsection (j) of Section  
16 40-17-332:

17           (1) The United States government or any agency  
18 thereof.

19           (2) Any county governing body in this state.

20           (3) The governing body of any incorporated  
21 municipality in this state.

22           (4) City and county boards of education in this  
23 state.

24           (5) The Alabama Institute for Deaf and Blind, the  
25 Department of Youth Services school district, and private and  
26 church school systems, as defined in Section 16-28-1, which

1 offer essentially the same curriculum as offered in grades  
2 K-12 in the public schools of this state.

3 (b) The exempt entity is not entitled to apply for a  
4 refund for any excise tax paid to the licensed public seller  
5 or licensed fleet producer. The licensed public seller or  
6 licensed fleet producer must take the deduction for all  
7 gallons of compressed natural gas or liquefied natural gas  
8 sold to the licensed exempt entity on the monthly tax return.  
9 The licensed exempt entity must provide the licensed public  
10 seller or licensed fleet producer with its exempt entity  
11 number prior to the purchase. If the licensed exempt entity is  
12 not subject to the excise tax levied under this article on  
13 compressed natural gas or liquefied natural gas, the licensed  
14 exempt entity will not be subject to the state inspection fee  
15 levied under Section 8-17-87.

16 §40-17-168.11.

17 (a) Each licensed public seller or licensed fleet  
18 producer shall file the monthly return required herein, in a  
19 format prescribed by the commissioner, on or before the 20th  
20 day of each calendar month for the preceding month.

21 (b) The tax levied by this article shall be paid to  
22 the department by each taxpayer on or before the 20th day of  
23 each calendar month for the preceding month and shall be  
24 accompanied by any required returns. The department may  
25 require all or certain taxpayers to file tax returns and  
26 payments electronically.

1 (c) If the returns or payments are not timely  
2 submitted, the taxpayer shall be subject to penalties in  
3 accordance with Chapter 2A of this title and interest in  
4 accordance with Chapter 1 of this title.

5 §40-17-168.12.

6 (a) Each return required to be filed under this  
7 article shall be on forms and by means prescribed by the  
8 commissioner and furnished by the department and shall contain  
9 any information the department considers necessary for the  
10 enforcement of this article.

11 (b) The report must contain all of the following  
12 information:

13 (1) A total of all monthly disbursements of  
14 compressed natural gas or liquefied natural gas, or both, made  
15 by the public seller or fleet producer for use in a motor  
16 vehicle for each location.

17 (2) A total of all monthly disbursements of  
18 compressed natural gas or liquefied natural gas to licensed  
19 exempt entities.

20 (3) The name and exempt entity license number of any  
21 exempt agency electing to be licensed under Section 40-17-332.

22 (c) The department may require the reporting of  
23 other information it considers reasonably necessary to the  
24 enforcement of this article.

25 (d) If the public seller or fleet producer has  
26 multiple locations, the public seller or fleet producer should  
27 file one monthly return for all locations in Alabama.

1 §40-17-168.13.

2 All tax payments due to this state that are received  
3 by a licensed public seller or a licensed fleet producer shall  
4 be held by the licensed public seller or the licensed fleet  
5 producer as trustee in trust for this state, and the licensed  
6 public seller or licensed fleet producer has a fiduciary duty  
7 to remit to the department the amount of tax received. A  
8 licensed public seller or licensed fleet producer is liable  
9 for the taxes paid to it or accrued at the time of the sale.

10 §40-17-168.14.

11 Each person required to be licensed under this  
12 article shall keep and maintain records of all purchases of  
13 natural gas, all sales or disbursement records, and other  
14 pertinent records and papers required by the department for  
15 the reasonable administration of this article for a period of  
16 no less than three years.

17 §40-17-168.15.

18 All excise taxes and fees collected under this  
19 article, less refunds and administrative fees for costs of  
20 collection, shall be paid into the State Treasury and  
21 distributed in accordance with Section 40-17-361(a).

22 §40-17-168.16.

23 (a) Each person who engages in any business activity  
24 for which a license is required by this article without having  
25 first obtained and subsequently retained a valid license shall  
26 be subject to the following civil penalties:

1           (1) Ten thousand dollars (\$10,000) for the first  
2 violation.

3           (2) For each subsequent violation, the amount shall  
4 be increased by the sum of the current violation plus prior  
5 violations.

6           (b) Civil penalties prescribed under this section  
7 shall be assessed, collected, and paid in the same manner as  
8 the compressed natural gas or liquefied natural gas tax.

9           §40-17-168.17.

10          (a) Any person who willfully does any of the  
11 following is guilty of a Class A misdemeanor, but shall be  
12 fined not less than five thousand dollars (\$5,000) nor more  
13 than twenty-five thousand dollars (\$25,000):

14           (1) Fails to obtain a license as required by this  
15 article prior to engaging in an activity for which a license  
16 is required.

17           (2) Fails to pay to this state no more than 30 days  
18 after the date the tax is due the tax levied by this article.

19           (3) Makes a false statement on an application,  
20 return, ticket, invoice, statement, or any other document  
21 required under this article.

22           (4) Fails to file no more than 30 days after it is  
23 due any return required by this article.

24           (5) Fails to maintain any record required by this  
25 article.

26           (6) Makes a false statement in an application for a  
27 refund.

1           (7) Fails to make required disclosure of the correct  
2 amount of compressed natural gas or liquefied natural gas sold  
3 or used in this state.

4           (8) Dispenses into the supply tank of a motor  
5 vehicle any compressed natural gas or liquefied natural gas on  
6 which tax levied by this article has not been paid.

7           (b) Any person who willfully does any of the  
8 following with the intent to either evade or circumvent the  
9 tax levied by this article or assists any other person in  
10 efforts to evade or circumvent the tax shall be guilty of a  
11 Class C felony, but shall be fined not less than twenty-five  
12 thousand dollars (\$25,000) nor more than fifty thousand  
13 dollars (\$50,000):

14           (1) Fails to pay compressed natural gas or liquefied  
15 natural gas taxes and diverts the tax proceeds for other  
16 purposes.

17           (2) As a licensee or the agent or representative of  
18 a licensee, converts or attempts to convert compressed natural  
19 gas or liquefied natural gas tax proceeds for the use of the  
20 licensee or the licensee's agent or representative, with the  
21 intent to defraud the state.

22           (3) Collects compressed natural gas or liquefied  
23 natural gas taxes when not authorized or licensed by the  
24 department to do so.

25           (4) Conspires with any other person or persons to  
26 engage in an act, plan, or scheme to defraud this state of  
27 compressed natural gas or liquefied natural gas tax proceeds.

1           (5) Fails to remit to the department any tax levied  
2 pursuant to this article if the person has added, or  
3 represented that he or she has added, the tax to the sales  
4 price for the compressed natural gas or liquefied natural gas  
5 and has collected the amount of the tax.

6           (c) Each offense under this section is subject to a  
7 separate criminal penalty.

8           Section 3. §40-17-168.18.

9           There is appropriated from the Road and Bridge Fund  
10 to the Department of Revenue, for the fiscal year ending  
11 September 30, 2018, the Department's actual cost to implement  
12 and administer this article. Every year thereafter as a first  
13 charge against the revenues collected under this article, an  
14 amount of revenue is hereby appropriated to the Department of  
15 Revenue to offset its actual costs in the administration of  
16 this article. Such appropriations shall be in addition to any  
17 other appropriation.

18           §40-17-168.19.

19           The commissioner may adopt rules necessary to  
20 effectuate the reporting, collection, administration, and  
21 enforcement of the taxes imposed under this article. The  
22 commissioner shall prescribe the forms or format for reporting  
23 the information required in this act.

24           Section 4. All laws or parts of laws which conflict  
25 with this act are repealed.

26           Section 5. Although this bill would have as its  
27 purpose or effect the requirement of a new or increased

1 expenditure of local funds, the bill is excluded from further  
2 requirements and application under Amendment 621, now  
3 appearing as Section 111.05 of the Official Recompilation of  
4 the Constitution of Alabama of 1901, as amended, because the  
5 bill defines a new crime or amends the definition of an  
6 existing crime.

7           Section 6. Section 3 of this act shall become  
8 effective on October 1, 2017, following its passage and  
9 approval by the Governor, or its otherwise becoming law. The  
10 remaining sections of this act shall become effective on  
11 October 1, 2018, following its passage and approval by the  
12 Governor, or upon its otherwise becoming law.