



informational

Bulletin

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

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Change to Motor Fuel Tax Reporting of Liquefied Natural Gas and Changes to Units of Measurement for Sales of Liquefied Natural Gas, Propane, and Compressed Natural Gas Sold for Use as Motor Fuel

To: All licensed Motor Fuel Distributors, Motor Fuel Suppliers, and Alternative Fuel Reporters

Beginning on **July 1, 2017**, the Motor Fuel Tax Law, 35 ILCS 505/1, *et seq.*, requires liquefied natural gas (LNG) to be reported using diesel gallon equivalents (DGEs). Fuel distributors are required to sell LNG used as motor fuel in DGEs and to sell compressed natural gas (CNG) used as motor fuel in gasoline gallon equivalents (GGEs). Sales of propane (LP) used as motor fuel shall be in either DGEs or actual measured gallon volumetric units, which are then converted to determine the DGEs that are subject to tax.

What is liquefied natural gas?

The Motor Fuel Tax Law defines “liquefied natural gas” as methane or natural gas in the form of a cryogenic or refrigerated liquid for use as a motor fuel.

What is a diesel gallon equivalent?

The Motor Fuel Tax Law defines a “diesel gallon equivalent” as an amount of liquefied natural gas or propane that has the equivalent energy content of a gallon of diesel fuel and shall be defined as 6.06 pounds of liquefied natural gas or 6.41 pounds of propane.

What is a gasoline gallon equivalent?

The Motor Fuel Tax Law defines a “gasoline gallon equivalent” as an amount of compressed natural gas that has the equivalent energy content of a gallon of gasoline and shall be defined as 5.660 pounds of compressed natural gas.

What is the difference between a diesel gallon equivalent and a liquid gallon of LNG or propane?

A liquid gallon of LNG weighs 3.5 pounds. A DGE of LNG weighs 6.06 pounds. Therefore, each DGE of LNG reported is equal to 1.7314 liquid gallons of LNG (*i.e.*, 6.06 divided by 3.5 equals 1.7314). A liquid gallon of propane weighs 4.2 pounds. A DGE of propane weighs 6.41 pounds. Therefore, each DGE of propane reported is equal to 1.5262 liquid gallons of propane (*i.e.*, 6.41 divided by 4.2 equals 1.5262).

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How do I report my LP gallons?

If the LP was invoiced in DGEs, report the gallons as they were invoiced. If the LP was invoiced in measured gallon volumetric units, multiply the gallons by 0.651 to report the gallons in DGEs.

Has the tax rate changed on any of these products?

Yes. The Motor Fuel Tax Rate for liquefied natural gas and propane increased to 21.5 cents per gallon¹ on July 1, 2017.

Are there changes to the forms I use to report my motor fuel sales and/or purchases?

Yes. If you are a Motor Fuel Distributor or Motor Fuel Supplier, there are changes to **Schedule GA-1**, Motor Fuel Tax Alcohol, Compressed Gases, or 1-K Kerosene Sold in Illinois as Motor Fuel, **Schedule E**, MFT, UST, and EIF Tax- and Fee-Paid Purchases of Fuels at Gasoline Tax Rate, and **Schedule SE**, MFT, UST, and EIF Tax- and Fee-Paid Purchases of Undyed Fuels at Diesel Fuel Tax Rate. These schedules are filed with Form RMFT-5, Motor Fuel Distributor/Supplier Tax Return, and Form RMFT-5-US, Underground Storage Tank Tax and Environmental Impact Fee Receiver Return.

If you are an Alternative Fuel Reporter, there are changes to **Form RMFT-144**, Alternative Fuels Return.

Visit our website at tax.illinois.gov for the updated instructions to these forms.

¹ For liquefied natural gas and propane, "gallon" means DGE.