



County Technical Assistance Service

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Compressed Natural Gas Tax

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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Compressed Natural Gas Tax

Reference Number: CTAS-1623

Description. A tax on the privilege of using compressed natural gas for the propulsion of motor vehicles on the public highways of this state. Governmental agencies are exempt. T.C.A. §§ 67-3-1113 through 67-3-1118.

Rate. 13 cents (13¢) per gallon. For the purpose of determining the tax, a gallon equivalent factor of 5.66 pounds per gallon is used. T.C.A. § 67-3-1113.

Distribution. The tax is distributed as follows:

1. 1.62 percent to the state general fund.
2. 24.75 percent to the counties to become a part of the county highway fund in the following manner:
 - a. 50 percent equally among all counties;
 - b. 25 percent on the basis of population; and
 - c. 25 percent on the basis of area.
3. 12.38 percent to the municipalities on the basis of population, with minor exceptions.
4. 61.25 percent to the state highway fund. T.C.A. § 67-3-905.

As part of the IMPROVE Act, the tax will increase to sixteen cents (16¢) effective July 1, 2017, to eighteen cents (18¢) effective July 1, 2018 and to twenty-one cents (21¢) effective July 1, 2019. The revenue from this increase goes to the state highway fund.

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