

NGVAMERICA

Natural Gas Vehicles for America

Alternative Fuels Tax Credit: What Next?



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Welcome

Dan Gage, President
NGV America



About NGV America

NGV America is the national organization dedicated to the development of a growing, profitable, and sustainable marketplace for vehicles powered by natural gas and biomethane and for promoting the use of more natural gas in transportation.

200+

NGV America represents 200+ companies, LDCs, fleets, OEMS, environmental and government organizations.





NGV America Members



Value for NGV America Members

- **Advocacy on policy and regulations that impact NGVs & NG in transport**
 - Federal & state – legislation, regulations, various government agencies
- **Leadership on key technology & safety issues**
 - Modernization of codes & standards, safety/best practices & technical barriers
 - Collaboration with government & industry
 - Incident investigations & cause analysis
 - Ten work groups led by members to address industry priorities
- **Voice of a strong industry**
 - Communicating the value of NGVs
 - Analysis, credible data & case studies
 - Convening industry leaders
 - One-on-one member support

Introduction

Allison Cunningham, Director, Federal
Government Affairs
NGV America



Overview of the Credit

Jeff Clarke, Director, Regulatory Affairs
& Counsel
NGVAmerica



What is the Alternative Fuels Tax Credit (AFTC)?

- 26 USC 6426 and 6427
- \$0.50 per gallon credit for CNG, LNG, or RNG sold or used as motor vehicle fuel
- A gallon is defined as the gasoline gallon equivalent (GGE) of compressed natural gas and diesel gallon equivalent (DGE) of liquefied natural gas
- The fuel credit also included other alternative fuel
- The term “alternative fuel” means CNG, LNG, liquefied petroleum gas, P Series Fuels, liquefied hydrogen, liquid fuel derived from coal through the Fischer-Tropsch process, compressed or liquefied gas derived from biomass. *Such term does not include ethanol, methanol, biodiesel, or any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp*

What is the Alternative Fuels Tax Credit (AFTC)?

- A gallon is defined as the gasoline gallon equivalent (GGE) of compressed natural gas and diesel gallon equivalent (DGE) of liquefied natural gas
- DGE for LNG is 6.06 lb. or 1.71 gallons
- GGE for CNG is 121 cu. ft.

What is the Alternative Fuels Tax Credit (AFTC)?

- The credit is claimed by the seller of the fuel in retail transactions such as at public fueling stations
- In cases where there is no retail transaction such as where a fleet owns its own station the fleet user can claim the credit
- The fuel must be used in a motor vehicle to qualify for the tax credit
- The definition of motor vehicle is quite expansive and includes on-road and non-road vehicles used to transport persons or goods

What is the Alternative Fuels Tax Credit (AFTC)?

- **Businesses that sell or use the fuel can claim the full credit amount after offsetting any tax liability owed to the IRS**
- **Non-business users can only offset their tax liability and therefore can only claim a portion of the credit**
- **Tax exempt entities can claim the full credit, e.g., school districts, transit agencies and other governmental entities therefore qualify for the full credit, if it has not been claimed by retail seller**
- **To claim the credit you must be a registered alternative fueler, IRS Form 637 is used to register**



AFTC Extension: What Happened?

Timeline of AFTC Extensions

- The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (PL 109–59, § 11113, 26 USC § 6426, § 6427; Became law on August 10, 2005) provides an incentive for compressed natural gas (CNG) and liquefied natural gas (LNG) when used as a “motor vehicle” fuel (including use in some non-road vehicles). The credit for CNG and LNG took effect on October 1, 2006 and originally expired on September 30, 2009.
- Congress made a number of changes to the fuel credits in § 6426, § 6427 in 2008, including extending the expiration date from Sept. 30, 2009 to December 31, 2009. PL 110-343, 122 Stat. 3765, Enacted H.R. 1424 (Became law Oct. 3, 2008)
- The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (PL 111–312, § 701; Became law on December 17, 2010) extended the CNG and LNG fuel credits for 2011 and also made them retroactive for 2010.
- The American Taxpayer Relief Act of 2012 (HR 8; PL 112–240, § 412; Became law on January 2, 2013) extended the availability of the 50-cent credit through the end of 2013 and made it retroactive for 2012.
- The Tax Increase Prevention Act of 2014 (H.R. 5771; PL 113-295; Became law on December 19, 2014) retroactively extends the fuel credit through 2014.
- The Consolidated Appropriations Act of 2016 extended the incentive through 2016 and made it retroactive for 2015 (HR 2029; PL 114-113, § 192; Became law on December 18, 2015).
- Thirteen temporary energy tax provisions including the AFTC expired at the end of 2017. All of these provisions expired at the end of 2016 and were retroactively extended by the Bipartisan Budget Act of 2018 (BBA; P.L. 115-123) and made available for the 2017 tax year.
- The AFTC remained expired for 2018 - 2019, which is the longest time period the credit has lapsed. It was reinstated retroactively for 2018-2019, and prospectively for 2020 (HR 1865; PL 116-94).



AFTC Extension: What Happened?

Wasn't extension inevitable?



AFTC Extension: What Happened? NGV America Efforts

NGVAmerica Efforts

- **Conducted over 130 NGVA-led coalition meetings in 2019**
- **650+ on “All Parties Letter”**
- **Lunch and Learn, 70 attendees**
- **60 meetings, 40 participants at Fly In**
- **Senate Task Force Comments**

NGVAmerica Efforts

- **Introduced H.R. 5089, Fletcher/Mullin AFTC Extension Bill**
- **AFTC Extension included in GREEN Act Discussion Draft**
- **Climate Legislation Introduced by House Ways and Means Democrats**
- **AFTC Extension included in H.R. 3301, Neal Tax Extender Package**
- **AFTC Extension included in S. 617, Grassley/Wyden Tax Extender Package**



AFTC Extension: What Happened?

Wasn't extension inevitable?



AFTC Extension: What Happened?



AFTC Extension: What is the mixture credit?

What's Next for Fleets and Businesses?

Jeff Clarke, Director, Regulatory Affairs & Counsel

NGVAmerica



Reinstatement: What Next?

- **As expected, Congress included instructions directing the IRS to establish procedures for how to claim retroactive credits**
- **The IRS has 30 days (Sunday Jan. 19, 2020) from enactment (Dec. 20, 2019) to issue required guidance**
- **Congress also directed the IRS to provide claimants with 180 days in which to file claims for the retroactive credits**
- **Expect 2020 deadline for retroactive claims to be sometime in early August 2020**
- **As a reminder, claimants must be registered with the IRS so if you are a tax exempt entity intending to claim the credit you must register with the IRS as an alternative fueller**

What's Next in Tax Policy?

Tim Urban
Senior Principal
Bracewell, LLP

What Congress completed in 2019...

- **Repeal of ACA health care taxes**
- **2017 tax items: Biodiesel; Second Generation biofuels; Short Line railroads, plus other non-energy items**
- **2018 tax items, including 7.5% medical deduction floor**
- **2019 tax extenders: CFC look-thru; WOTC; NMTC; craft beverage tax extender**
- **Miscellaneous tax fixes: Church parking lot tax repeal; military survivor kiddie tax penalty; private foundation excise tax rates**

Unfinished business from 2019...

- **Refundable tax credits for lower-income individuals**
- **TCJA technical corrections**
- **Solar energy property ITC extension**
- **Electric vehicle tax credit enhancements**
- **Electricity storage investment tax credit**
- **Offshore wind investment tax credits**

Other hot tax topics for 2020...

- **TCJA tax extenders**
- **Infrastructure**
- **Surface transportation taxes reauthorization**
- **Middle class tax cut**
- **Wealth tax debate**

Next Steps

- **The Fight for A Longer Extension**
- **We face new challenges and new opportunities**
- **Standalone Legislation**



Next Steps

- **Longer Extension: Fletcher/Mullin Bill**
- **Surface Transportation**
- **GREEN Act Markup**

Additional Federal Advocacy

- **Appropriations**
- **Tax- FET on HD Trucks; LNG in inland waterways; RNG incentives**
- **Surface Transportation**
- **Environmental Legislation**
- **Opportunities for On and Off-Road NGVs**
- **Engagement with DOE, EPA, other agencies**
 - **Light Duty Rulemaking**

Additional Federal Advocacy

Comprehensive NGV Parity Bill

- **AFTC, FET on HD trucks, alt fuels infrastructure, NGV vehicle tax credit**
- **NGV R&D, Federal Fleet requirements**
- **Clean Cities funding**
- **Use of NGVs in government-funded projects**

Next Steps: NGVA Efforts

- **Hosting site visits for Members and Staff**
- **State/region-specific fly-ins**
- **Congressional testimony**
- **Communications efforts**
- **Social media messaging**



How You Can Help

Become a member of NGVAmerica

- **Monthly Update Calls**
- **First to know about Letters, join coalition meetings**
- **Join our Fly-In for no charge**
- **Have your company represented on Capitol Hill**

NGVA Member Benefits

- **Gain access to advocacy materials**
- **Members receive custom collateral**
- **Assistance scheduling Hill meetings, state/region-specific fly-ins**
- **Assistance scheduling site-visits from Members of Congress**

NGVA Member Benefits

- **State and local advocacy**
 - Bill tracking, state and regional activity, VW and other funding opportunities
- **Technology and Development**
 - High Horsepower, Mobile Pipeline, Incident Investigation, Codes and Standards
- **Industry Leader on NGV Press**
 - Digital, written, otherwise

NGVA Member Benefits

- **NGVA members will receive AFTC guidance information as soon as IRS guidance is published**

Questions?



Visit www.ngvamerica.org

Sign up for our newsletter

Consider joining NGVA as a Member

We will contact participants with future
opportunities to engage

Thank You