

**i** *informational**Bulletin*

Constance Beard, Director

## Change to Motor Fuel Use Tax Reporting of and Rates on Liquefied Natural Gas and Propane

**To: All Licensed Interstate Motor Carriers**

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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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Beginning on July 1, 2017, the International Fuel Tax Agreement (IFTA) requires liquefied natural gas (LNG) to be reported using diesel gallon equivalents (DGEs). Effective July 1, 2017, P.A. 100-9 requires fuel distributors to sell liquefied natural gas (LNG) used as motor fuel in DGEs. It also requires liquefied natural gas and propane to be reported and taxed in DGEs.

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

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 LNG or 6.41 pounds of propane.

### Do I need to convert liquid gallons of LNG to DGEs?

Beginning on July 1, 2017, the IFTA Agreement requires that LNG must be reported using DGEs in Illinois on Form MFUT-15 (and in all IFTA jurisdictions). Also beginning July 1, 2017, Illinois law requires fuel distributors to sell LNG used as motor fuel in DGEs. Since reporting in DGEs is a requirement of every jurisdiction in the IFTA Agreement and most retailers use the DGE standard for selling liquefied natural gas at fueling stations, your LNG receipts should be in DGEs. In the rare case that the fuel was not sold in DGEs, it can be converted by multiplying the number of liquid gallons by 0.5776.

### Do I need to convert liquid gallons of propane to DGEs?

Illinois law requires that sales of propane used as motor fuel shall be in actual liquid gallons. Because reporting requirements for propane vary among the IFTA jurisdictions, beginning July 1, 2017, only the gallons of propane reported on the Illinois line of Form MFUT-15 must be converted to determine the DGEs that are subject to tax at the Illinois rate. To convert propane gallons on the Illinois line of Form MFUT-15, column H (taxable gallons) and column I (tax paid gallons) to DGEs, multiply the number of gallons by 0.651. Gallons for the other jurisdiction lines will be reported as liquid gallons, unless otherwise specified in the [IFTA Tax Rate Matrix](#) footnotes.

**What effect do the reporting requirement and rate changes have on the Motor Fuel Use Tax rate for LNG and propane?**

Prior to July 1, 2017, Illinois taxed LNG and propane at the rate of 19 cents per liquid gallon. Beginning July 1, 2017, the Motor Fuel Tax rate on both LNG and propane is 21.5 cents per DGE. The Motor Fuel Use Tax Rate will be published using the DGE rate plus the Part B rate. Rate information is available on our website at [tax.illinois.gov](http://tax.illinois.gov). For more information, see FY 2017-10-A, Change in the Motor Fuel Use Tax Rate, Effective July 1, 2017 through December 31, 2017, which is also available at [tax.illinois.gov](http://tax.illinois.gov).