



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

November 24, 2024

Liquefied Gas Tax

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained 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 CTAS website material.

Sincerely,

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Liquefied Gas Tax

Reference Number: CTAS-1622

Description. This tax is on liquefied gas used for the propulsion of motor vehicles on the public highways of this state. Governmental agencies are exempt. This tax is paid in advance annually by the owner of each motor vehicle licensed in Tennessee using liquefied gas as fuel. Out-of-state users pay upon delivery of the liquefied gas into the fuel supply tank of a motor vehicle. T.C.A. §§ 67-3-1102 through 67-3-1112.

Rate: Fourteen cents (14¢) per gallon T.C.A. § 67-3-1102.

Distribution. The distribution of the liquefied gas tax is as follows:

1. Nine cents (9¢) of the fourteen cents (14¢) distributed as follows:
 - a. 1.58 percent to the general fund.
 - b. 28.28 percent to the counties to become a part of the county highway fund as follows:
 - (1) Fifty percent (50%) equally among all counties;
 - (2) Twenty-five percent (25%) on the basis of population; and
 - (3) Twenty-five percent (25%) on the basis of area
 - c. 14.14 percent to the municipalities on a population basis, with minor exceptions.
 - d. 56 percent to the state highway fund.
2. Three cents (3¢) of fourteen cents (14¢) distributed to the state sinking and highway funds.
3. One cent (1¢) of fourteen cents (14¢) distributed as follows:
 - a. 66 percent to the counties as other county aid funds are distributed, less one percent (1%) to the Department of Revenue for administration expenses.
 - b. 33 percent to the municipalities as other municipal aid funds are distributed, less one percent (1%) to the Department of Revenue for administration expenses.
4. One cent (1¢) of fourteen cents (14¢) is distributed to the state highway fund. T.C.A. § 67-3-908.

As part of the IMPROVE Act, the tax will increase to seventeen cents (17¢) effective July 1, 2017, to nineteen cents (19¢) effective July 1, 2018 and to twenty-two cents (22¢) effective July 1, 2019. The revenue from this increase goes to the state highway fund.

Source URL: <https://www.ctas.tennessee.edu/eli/liquefied-gas-tax>