

[NATURAL GAS: House Republican prepping bill to promote gas in trucking, block fracking regs](#)

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A Nebraska congressman is preparing legislation to take a more targeted approach to promoting natural gas as a transportation fuel in heavy-duty trucks, primarily by eliminating federal regulation of hydraulic fracturing and potentially removing an excise tax on truck purchases.

Details of the bill are still being developed, its sponsor, Rep. Lee Terry (R-Neb.) told E&E Dailyyesterday, but the "marquee" provision would ensure that states, rather than the federal government, have the sole authority to regulate fracking.

Uncertainty over the potential for federal fracking regulations to drive up natural gas costs was among the top concerns Terry said he had heard in meetings over the last year with trucking industry representatives and other stakeholders. However, he acknowledged that truckers also wanted some sort of financial help to cover the additional costs of natural gas-fueled trucks.

"They said, 'We've looked at the economics, and we still think that we need a little bit of incentive,'" Terry said of his meetings with the industry. "So we're looking at that little bit of incentive part. Not to telegraph, but several trucking companies suggested maybe removing the 12 percent excise tax would be enough of an incentive."

Terry said he was considering eliminating the excise tax on purchases of new natural gas-fueled trucks for three years to boost the industry, a provision that he estimated would cost "a couple hundred million dollars." However, he still is searching for another source of revenue to replace the excise tax's contribution to the Highway Trust Fund.

"We don't want to short the transportation fund because then the truckers go from yea to nay; that's not a good trade-off for them," Terry said, explaining that a replacement revenue stream has not yet been identified.

Terry also said he was working with a Democrat he expected to co-sponsor the bill but would not name the lawmaker. He said he expects to introduce the bill later this month.

The overall goal of Terry's bill is to boost the use of gas for transportation through a narrower mechanism than the broad suite of tax incentives contained in the so-called "NAT GAS Act,"

sponsored by Rep. John Sullivan (R-Okla.). That bill was introduced last year with broad bipartisan support and appeared headed for easy passage until it encountered sharp resistance from conservative groups such as the Club for Growth and Heritage Action for America.

"We just wanted to find a way without really spending money, which is the big issue on Sully's bill," Terry said in a brief interview off the House floor. "It had a high cost and focused subsidies in areas that ... don't need subsidies.

"What they need is regulatory certainty not subsidies, so we kind of clear that underbrush and we go to the one area where we saw was the resistance," he added. "And we'll try to give them a short term, short amount to just lower the cost a little bit for them so there's incentive to get in there."

The NAT GAS Act would have extended an array of tax incentives for purchasing natural gas cars and trucks for five years, while also offering financial incentives for fueling stations; the costs would be offset with a user fee on natural gas, which Sullivan says meant the bill would be fully paid for.

Sullivan said he was working with Terry on the forthcoming bill and expected to be a co-sponsor.

"There's no question we need to have natural gas be a transportation fuel," he said in a brief interview yesterday. "So how do we get there? Do we get there through tax credits? ... Or do we look at regulatory? Or both? This is more of a regulatory approach, which I think is a good approach."

Terry said the bill would bar federal regulation of hydraulic fracturing because states are best equipped to oversee the practice.

Republicans and industry representatives have long complained about the Obama administration's approach to the practice, which has included new or forthcoming rules and guidance documents from U.S. EPA aimed at air emissions and the use of diesel fuel in fracking fluid as well as proposed rules from the Bureau of Land Management requiring disclosure of fracking chemicals and establishing well bore requirements.

Terry said trucking companies are concerned over what those rules might do to natural gas prices -- which have been at 10-year lows because of increased supplies unlocked by fracking.

"Trucking companies weren't willing to make the investment until they had some level of comfort, and they all kept saying, 'We need some help,'" he said. "'If we're going to spend an extra \$60,000 to \$80,000 per vehicle, we want to make sure that it's going to be there.'"