

## 1 SENATE BILL NO. 144

2 INTRODUCED BY J. BLACK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF LABOR AND INDUSTRY TO  
5 ADOPT STANDARDS AND SPECIFICATIONS ENSURING THAT AFTER JULY 1, 2007, ALL GASOLINE SOLD  
6 TO CONSUMERS FOR USE IN MOTOR VEHICLES TO BE OPERATED ON THE PUBLIC HIGHWAYS,  
7 ROADS, AND STREETS OF THIS STATE BE BLENDED WITH 10 PERCENT, BY VOLUME, OF  
8 AGRICULTURALLY DERIVED, DENATURED ETHANOL AND PROVIDING THAT THE GASOLINE MAY NOT  
9 CONTAIN MORE THAN TRACE AMOUNTS OF THE ADDITIVE COMMONLY KNOWN AS MTBE; CREATING  
10 CERTAIN EXCEPTIONS TO THE REQUIREMENT TO USE ETHANOL-BLENDED GASOLINE; PROVIDING  
11 FOR ENFORCEMENT BY THE DEPARTMENT OF LABOR AND INDUSTRY; ELIMINATING THE  
12 ALTERNATIVE FUEL MOTOR VEHICLE CONVERSION TAX CREDIT FOR CONVERSION OF A MOTOR  
13 VEHICLE TO THE USE OF METHANOL, ETHANOL, OR OTHER ALCOHOL; AND AMENDING SECTIONS  
14 15-30-164, 82-15-103, AND 82-15-110, MCA."

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17  
18 NEW SECTION. **Section 1. Required use of gasoline blended with ethanol.** (1) After July 1, 2007,  
19 the department shall adopt standards and specifications pursuant to 82-15-103 that ensure that all gasoline sold  
20 to consumers for use in motor vehicles to be operated on the public highways, roads, and streets of this state  
21 must be blended with 10%, by volume, of agriculturally derived, denatured ethanol and may not contain more  
22 than trace amounts of the additive commonly known as MTBE (methyl tertiary butyl ether).

23 (2) Except as provided in [section 2], after July 1, 2007, a fuel retailer who sells gasoline to consumers  
24 to be used in their vehicles on the public highways, roads, and streets of this state may not accept gasoline for  
25 sale to consumers or sell gasoline to consumers that is not ethanol-blended as provided in subsection (1) or that  
26 contains the additive MTBE.

27 (3) Agriculturally denatured ethanol referred to in subsection (1) may be denatured only as specified in  
28 Title 27, parts 20 and 21, of the Code of Federal Regulations.

29  
30 NEW SECTION. **Section 2. Exemptions from use of ethanol-blended gasoline.** (1) Gasoline that

1 is not ethanol-blended as required in [section 1] may be sold or dispensed at a public or private racecourse if  
 2 the gasoline is intended to be used exclusively as a fuel for off-highway motor sports racing events.

3 (2) A gasoline retailer may sell or offer for sale nonethanol-blended gasoline for use in collector vehicles,  
 4 vehicles eligible to be licensed as collector vehicles, off-road vehicles, motorcycles, boats, airplanes authorized  
 5 to use gasoline, snowmobiles, or small engines.

6

7 **Section 3.** Section 15-30-164, MCA, is amended to read:

8 **"15-30-164. Credit for alternative fuel motor vehicle conversion.** (1) (a) Except as provided in  
 9 subsection (1)(b), an individual, a corporation, a partnership, or a small business corporation as defined in  
 10 15-30-1101 is allowed a tax credit against taxes imposed by 15-30-103 or 15-31-101 for equipment and labor  
 11 costs incurred to convert a motor vehicle licensed in Montana to operate on alternative fuel.

12 (b) A seller of alternative fuel may not receive a credit for converting its own vehicles to the alternative  
 13 fuel that it sells.

14 (2) The maximum credit a taxpayer may claim in a year under this section is an amount equal to 50%  
 15 of the equipment and labor costs incurred but the credit may not exceed:

16 (a) \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less; or

17 (b) \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds.

18 (3) For the purposes of this section, "alternative fuel" means:

19 (a) natural gas;

20 (b) liquefied petroleum gas;

21 (c) liquefied natural gas;

22 (d) hydrogen; or

23 (e) electricity; ~~or~~

24 (f) ~~any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any~~  
 25 ~~combination of them.~~

26 (4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

27 (b) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
 28 be applied in the year the conversion is made, as determined by the taxpayer's accounting method."

29

30 **Section 4.** Section 82-15-103, MCA, is amended to read:

1           **"82-15-103. Standards for petroleum products.** The standards and specifications for petroleum  
 2 products, including but not limited to gasoline, ethanol-blended gasoline, fuel oils, diesel fuel, kerosene, and  
 3 liquefied petroleum gases, ~~shall~~ must be determined by the department and, subject to the provisions of [section  
 4 1(1)], ~~shall~~ must be based upon nationally recognized standards and specifications such as are published from  
 5 time to time by the American society for testing materials. ~~When so determined by the~~ The standards and  
 6 specifications adopted by rule by the department and adopted as rules, such standards and specifications are  
 7 the standards and specifications for ~~such~~ those products sold in this state and official tests of ~~such~~ those  
 8 products ~~shall~~ must be based upon ~~them~~ the adopted standards and specifications."

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10           **Section 5.** Section 82-15-110, MCA, is amended to read:

11           **"82-15-110. Unlawful acts.** It is unlawful to:

12           (1) use any meter or mechanical device for the measurement of gasoline or liquid fuels unless the ~~same~~  
 13 the meter or mechanical device has been approved by the department and sealed as correct;

14           (2) change or in any way tamper with the department's seal without written consent from the  
 15 department;

16           (3) make hose delivery from petroleum vehicle tanks unless the tanks have been calibrated by the  
 17 department under 82-15-108;

18           (4) sell or deliver liquefied petroleum to a consumer as a liquid or vapor except as provided by  
 19 82-15-109;

20           (5) sell or offer for sale or deliver liquefied petroleum to a consumer as a liquid or vapor the  
 21 measurement of which has not been temperature corrected to 60 degrees F by means of an automatic  
 22 compensating device ~~which~~ that has been approved, calibrated, and sealed by the department, unless otherwise  
 23 provided by the department;

24           (6) sell, offer, or expose for sale any petroleum product for which standards or minimum specifications  
 25 have been set by the department unless the ~~commodities~~ fuel product meets in all respects ~~meet~~  
 26 standards prescribed;

27           (7) sell, offer, or expose for sale any petroleum product ~~which~~ that is adulterated, mislabeled, or  
 28 misrepresented with respect to the use for which it is reasonably intended; or

29           (8) sell, offer, or expose for sale nonethanol-blended gasoline or gasoline that contains methyl tertiary  
 30 butyl ether (MTBE) in violation of the provisions of [section 1] after July 1, 2007."

