

## HOUSE BILL NO. 509

INTRODUCED BY E. MCCLAFFERTY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE REFUND OF SPECIAL FUEL LICENSE TAX  
5 AND THE USE OF DYED TAX-EXEMPT SPECIAL FUEL BY INDEPENDENT CONTRACTORS  
6 TRANSPORTING SCHOOL DISTRICT PUPILS FOR SCHOOL-RELATED PURPOSES; AND AMENDING  
7 SECTION 15-70-356, MCA."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 15-70-356, MCA, is amended to read:  
12 **"15-70-356. Refund or credit authorized.** (1) A person who purchases and uses any special fuel on  
13 which the Montana special fuel license tax has been paid for operating stationary special fuel engines used off  
14 the public highways and streets, operating a bus on public roads and highways of this state to transport pupils  
15 of a school district for school-related purposes, or for any commercial use other than operating vehicles upon any  
16 of the public highways or streets of this state is allowed a refund of the amount of tax paid directly or indirectly  
17 on the special fuel used if the person has records, as provided in 15-70-323, to prove nontaxable use. The refund  
18 may not exceed the tax paid or to be paid to the state.

19 (2) (a) The United States government, the state of Montana, any other state, or any county, incorporated  
20 city, town, or school district of this state is entitled to a refund of the taxes paid on special fuel regardless of the  
21 use of the special fuel.

22 (b) (i) A nonpublic school may use dyed special fuel in buses that are owned by the nonpublic school  
23 if the buses are used for the transportation of pupils solely for nonsectarian school-related purposes.

24 (ii) For the purposes of this subsection (2)(b), nonpublic schools are those schools that have been  
25 accredited pursuant to 20-7-102.

26 (c) An independent bus contractor may use dyed special fuel in buses used on public highways and  
27 streets under a contract with a school district solely to transport pupils for school-related purposes.

28 (3) A distributor who pays the special fuel license tax to this state erroneously is allowed a credit or  
29 refund of the amount of tax paid.

30 (4) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of special fuel

1 with a tax liability of \$200 or greater for which the distributor has not received consideration from or on behalf of  
2 the purchaser and for which the distributor has not forgiven any liability. The distributor shall have declared the  
3 accounts of the purchaser worthless not more than once during a 3-year period and claimed those accounts as  
4 bad debts for federal or state income tax purposes.

5 (b) If a credit has been granted under subsection (4)(a), any amount collected on the accounts declared  
6 worthless must be reported to the department and the tax due must be prorated on the collected amount and  
7 must be paid to the department.

8 (c) The department may require a distributor to submit periodic reports listing accounts that are  
9 delinquent for 90 days or more.

10 (5) A person who purchases and exports for sale, use, or consumption outside Montana any special fuel  
11 on which the Montana special fuel tax has been paid is entitled to a credit or refund of the amount of tax paid  
12 unless the person is not licensed and is not paying the tax to the state where fuel is destined. Upon completion  
13 of the reports required under 15-70-351, the department shall authorize the credit or refund."

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