

## 1 HOUSE BILL NO. 46

2 INTRODUCED BY N. DURAM

3 BY REQUEST OF THE DEPARTMENT OF TRANSPORTATION

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT MOVING THE POINT OF TAXATION ON GASOLINE AND  
6 SPECIAL FUELS TAXES TO THE FIRST RECEIVER; REVISING DEFINITIONS; AMENDING SECTIONS 15-  
7 70-401, 15-70-402, 15-70-403, 15-70-404, 15-70-410, 15-70-425, 15-70-432, 15-70-434, AND 15-70-441,  
8 MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

11

12 **Section 1.** Section 15-70-401, MCA, is amended to read:

13 **"15-70-401. Definitions.** As used in this part, the following definitions apply:

14 (1) "Agricultural use" means use of gasoline or special fuel by a person who earns income while  
15 engaging in the business of farming or ranching and who files farm or income reports for tax purposes as  
16 required by the United States internal revenue service.

17 (2) "Aviation fuel" means gasoline or any other liquid fuel by whatever name the liquid fuel may be  
18 known or sold, compounded for use in and sold for use in aircraft, including but not limited to any and all  
19 gasoline or liquid fuel meeting or exceeding the minimum specifications prescribed by the United States for use  
20 by its military forces in aircraft.

21 (3) (a) "Biodiesel" means a fuel produced from monoalkyl esters of long-chain fatty acids derived  
22 from vegetable oils, renewable lipids, animal fats, or any combination of those ingredients. The fuel must meet  
23 the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B100) Blend  
24 Stock for Distillate Fuels, as adopted by the American society for testing and materials.

25 (b) Biodiesel is also known as "B-100".

26 (4) "Bulk delivery" means placing gasoline or special fuel not intended for resale in storage or  
27 containers. The term does not mean gasoline or special fuel delivered into the supply tank of a motor vehicle.

28 (5) "Cardrol" or "keylock" means a unique device intended to allow access to a fuel dealer's

1 unattended pump or dispensing unit for the purpose of delivery of gasoline or special fuel to an authorized user  
2 of the unique device.

3 (6) "Department" means the department of transportation.

4 (7) (a) "Distributed" means the withdrawal of gasoline or special fuel from a refinery or terminal  
5 storage, other than by pipeline, by a licensed distributor for sale or use in this state, including:

6 (i) gasoline or special fuel refined, produced, manufactured, or compounded in this state and  
7 placed in storage tanks in this state;

8 (ii) gasoline or special fuel transferred from a refinery or pipeline terminal in this state and placed  
9 in tanks at the refinery or terminal; or

10 (iii) gasoline or special fuel imported into this state and placed in storage at a refinery or pipeline  
11 terminal.

12 (b) Gasoline or special fuel imported into this state, other than gasoline or special fuel placed in  
13 storage at a refinery or pipeline terminal, is considered to be distributed after it has arrived in ~~and is brought to~~  
14 ~~rest in~~ this state.

15 (8) (a) "Distributor" means:

16 (i) a person who engages in the business in this state of producing, refining, manufacturing, or  
17 compounding gasoline or special fuel for sale, use, or distribution;

18 (ii) an importer who imports gasoline or special fuel for sale, use, or distribution;

19 (iii) a person who engages in the wholesale distribution of gasoline or special fuel in this state and  
20 chooses to become licensed to assume the Montana state gasoline tax or special fuel tax liability;

21 (iv) an exporter; or

22 ~~(v) a dealer licensed as of January 1, 1969, except a dealer at an established airport; or~~

23 ~~(vi)~~ (v) a person in ~~Montana~~ this state who blends ethanol with gasoline.

24 (b) The term does not include a special biodiesel fuel producer who produces biodiesel from waste  
25 vegetable oil feedstock in this state for the operation of motor vehicles owned or controlled by the person on the  
26 public roads and highways of the state.

27 (9) "Ethanol" means nominally anhydrous ethyl alcohol that has been denatured as specified in 27  
28 CFR, parts 20 and 21, and that meets the standards for ethanol adopted pursuant to 82-15-103.

1           (10) "Ethanol-blended gasoline" means gasoline blended with ethanol. The percentage of ethanol in  
2 the blend is identified by the letter "E" followed by the percentage number. A blend that is 10% denatured  
3 ethanol and 90% gasoline would be reflected as E-10. A blend that is 85% denatured ethanol and 15% gasoline  
4 would be reflected as E-85.

5           (11) "Export" means to transport out of Montana, by any means other than in the fuel supply tank of  
6 a motor vehicle, gasoline or special fuel received from a refinery or pipeline terminal within Montana.

7           (12) "Exporter" means a person who transports, other than in the fuel supply tank of a motor  
8 vehicle, gasoline or special fuel received from a refinery or pipeline terminal in Montana to a destination  
9 outside Montana for sale, use, or consumption outside Montana.

10           (13) "First receiver" means:

11           (a) the first licensed distributor who receives physical possession of gasoline or special fuel from  
12 the rack at a terminal or refinery within this state; or

13           (b) an importer or exporter who is the owner of gasoline or special fuel at the time the fuel crosses  
14 the border of this state.

15           ~~(13)~~(14)– \_\_\_\_\_ (a) "Gasoline" includes:

16           (i) all petroleum products commonly or commercially known or sold as gasolines, including  
17 casinghead gasoline, natural gasoline, aviation fuel, and all flammable liquids composed of a mixture of  
18 selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently  
19 operating internal combustion engines; and

20           (ii) any other type of additive when the additive is mixed or blended into gasoline, regardless of the  
21 additive's classifications or uses.

22           (b) ~~"Gasoline"~~ The term does not include special fuels as defined in this section.

23           ~~(14)~~(15) "Import" means to first receive gasoline or special fuel into possession or custody after its  
24 arrival and coming to rest at a destination within the state or to first receive any gasoline or special fuel shipped  
25 or transported into this state from a point of origin outside this state other than in the fuel supply tank of a motor  
26 vehicle.

27           ~~(15)~~(16) "Importer" means a person who transports or arranges for the transportation of gasoline or  
28 special fuel into Montana for sale, use, or distribution.

1           ~~(16)~~(17) "Improperly imported fuel" means gasoline or special fuel that is:

2           (a)       consigned to a Montana destination and imported into the state without the distributor first  
3 having obtained a Montana distributor license as required in 15-70-402; or

4           (b)       delivered, possessed, sold, or transferred in the state in any manner not authorized under Title  
5 15, chapter 70.

6           (18)       "Licensed distributor" means a distributor who has obtained a license under the provisions of  
7 15-70-402 and is:

8           (a)       the first receiver as defined in this section; or

9           (c)       a supplier as defined in this section.

10          ~~(17)~~(19) "Motor vehicle" means all vehicles that are operated on the public roads and highways of this  
11 state and that are operated in whole or in part by the combustion of gasoline or special fuel.

12          ~~(18)~~(20) "Person" includes any person, firm, association, joint-stock company, syndicate, partnership,  
13 or corporation. Whenever the term is used in any clause prescribing and imposing a fine or imprisonment, or  
14 both, as applied to a firm, association, syndicate, or partnership, it includes the partners or members and, as  
15 applied to joint-stock companies and corporations, the officers.

16          ~~(19)~~(21) "Public roads and highways of this state" means all streets, roads, highways, and related  
17 structures:

18          (a)       built and maintained with appropriated funds of the United States, the state of Montana, or any  
19 political subdivision of the state;

20          (b)       dedicated to public use;

21          (c)       acquired by eminent domain, as provided in Title 60, chapter 4, or Title 70, chapter 30; or

22          (d)       acquired by adverse use by the public, with jurisdiction having been assumed by the state or  
23 any political subdivision of the state.

24          (22)       "Rack" means a mechanism for loading or dispensing accountable product from a refinery or  
25 terminal into a tank truck, railroad tank car, or marine vessel.

26          (23)       "Received" means physical possession of the gasoline or special fuel has been taken at the  
27 terminal or refinery by the first licensed distributor.

28          ~~(20)~~(24) "Special biodiesel fuel producer" means a person who produces less than 2,500 gallons

1 annually of biodiesel fuel from waste vegetable oil feedstock for the operation of motor vehicles owned or  
 2 controlled by the person on the public roads and highways of the state.

3 ~~(24)~~(25) "Special fuel" means those combustible gases and liquids commonly referred to as diesel fuel  
 4 or any other volatile liquid of less than 46 degrees A.P.I. (American petroleum institute) gravity test, except  
 5 liquid petroleum gas, when actually sold for use in motor vehicles operating on the public roads and highways  
 6 of this state. The term "special fuel" includes biodiesel and additives of all types when the additive is mixed or  
 7 blended into special fuel, regardless of the additive's classifications or uses.

8 ~~(22)~~(26) (a) "Special fuel user" means a person who consumes special fuel for the operation of motor  
 9 vehicles owned or controlled by the person on the public roads and highways of this state.

10 (b) The term does not include:

11 (i) the U.S. government, a state, a county, an incorporated city or town, or a school district of this  
 12 state; or

13 (ii) a special biodiesel fuel producer who produces biodiesel from waste vegetable oil feedstock for  
 14 the operation of motor vehicles owned or controlled by the person on the public roads and highways of this  
 15 state.

16 ~~(27)~~ "Supplier" means a licensed distributor who receives and sells gasoline or special fuel at the  
 17 rack but does not take physical possession of the fuel before the fuel leaves the terminal or refinery.

18 ~~(23)~~(28) "Use" means the operation of a motor vehicle on the public roads and highways of this state  
 19 or of any political subdivision of this state.

20 ~~(24)~~(29) "Waste vegetable oil" means used cooking oil gathered from restaurants or commercial food  
 21 processors."

22

23 **Section 2.** Section 15-70-402, MCA, is amended to read:

24 **"15-70-402. License and security of distributors -- denial or disciplinary action.** (1) (a) Prior to  
 25 doing business, each gasoline or special fuel distributor, including an exporter and importer, as those terms are  
 26 defined in 15-70-401, shall file:

27 (i) an application for a license with the department, on forms prescribed and furnished by the  
 28 department, setting forth the information that may be requested by the department; and

1 (ii) security with the department in an amount to be determined by the department.

2 (b) (i) Except as provided in subsection (1)(b)(ii), the required amount of security may not exceed  
3 twice the estimated amount of gasoline or special fuel taxes the distributor will pay to this state each month.

4 (ii) The minimum required security for a distributor who imports or exports fuel is \$25,000.

5 (c) Upon approval of the application, the department shall issue to the distributor a nonassignable  
6 license that is in force until surrendered, canceled, or revoked.

7 (2) An exporter or importer of gasoline or special fuel must be licensed in the destination state or  
8 the exporting state to be eligible for a Montana distributor license.

9 ~~(2)(3)~~ The department may deny the issuance of a distributor license or take disciplinary action  
10 against the distributor if it determines that the applicant or distributor:

11 (a) has violated any provision of this chapter or any rule of the department relating to gasoline or  
12 special fuel, or both;

13 (b) fails to provide the security required by the department;

14 (c) has had a distributor license revoked or denied by the department or another jurisdiction within  
15 a 3-year period;

16 (d) is not in compliance with motor fuels laws in other jurisdictions; or

17 (e) fails to pay the gasoline or special fuel tax.

18 ~~(3)(4)~~ Disciplinary action against a distributor may result in revocation of the license or issuance of a  
19 probationary license. At its discretion, the department may issue a probationary license to a distributor who  
20 repeatedly fails to report in the manner prescribed. The probationary license must be issued for a specified time  
21 period and may require the distributor to attend motor fuel tax training conducted by the department. If a  
22 distributor issued a probationary license fails to provide accurate reports by the end of the time period specified  
23 by the probationary license, the department may revoke the distributor license.

24 ~~(4)(5)~~ If an application for a distributor license is denied or revoked or if the distributor is under  
25 disciplinary action, the applicant or distributor has the right to appeal the department's decision pursuant to Title  
26 2, chapter 4, part 6.

27 ~~(5)(6)~~ Only a licensed distributor may withdraw gasoline or special fuel from a refinery or terminal.

28 ~~(6)(7)~~ Failure to obtain a distributor license as required in this section subjects the distributor to the

1 provisions of 15-70-419 allowing for the seizure, confiscation, and possible forfeiture of the fuel.

2 ~~(7)~~(8) As used in this section, "security" means:

3 (a) a bond executed by a distributor as principal with a corporate surety qualified under the laws of  
4 Montana, payable to the state of Montana, and conditioned upon faithful performance of all requirements of this  
5 part, including the payment of all taxes and penalties;

6 (b) a deposit made by the distributor with the department, under the conditions that the department  
7 may prescribe; or

8 (c) certificates of deposit or irrevocable letters of credit issued by a bank and insured by the federal  
9 deposit insurance corporation.

10 ~~(8)~~(9) The owner of a commercial motor vehicle that is engaged in transporting gasoline or special  
11 fuel for a distributor is not subject to the provisions of this section.

12 ~~(9)~~(10) A distributor who blends biodiesel must be licensed with the department. If the distributor  
13 cannot be licensed, the distributor is required to buy biodiesel fuel on which the special fuel tax has been paid.

14 ~~(10)~~(11) A distributor who blends ethanol with gasoline must be licensed by the department. If the  
15 distributor cannot be licensed, the distributor is required to buy ethanol-blended gasoline on which the gasoline  
16 tax has been paid."

17

18 **Section 3.** Section 15-70-403, MCA, is amended to read:

19 **"15-70-403. Gasoline, special fuel, and aviation fuel tax -- incidence -- rates.** (1) The incidence of  
20 the fuel tax is on the distributor for the privilege of engaging in and carrying on business in this state. Each  
21 distributor shall pay to the department of transportation a tax in an amount equal to:

22 (a) for each gallon of gasoline ~~distributed~~ received by the distributor within the state and ~~upon~~ on  
23 which the gasoline tax has not been paid by any other distributor:

24 (i) 31.5 cents in fiscal years 2018 and 2019;

25 (ii) 32 cents in fiscal years 2020 and 2021;

26 (iii) 32.5 cents in fiscal year 2022; and

27 (iv) 33 cents in fiscal year 2023 and thereafter;

28 (b) for each gallon of special fuel ~~distributed~~ received by the distributor within the state and on

1 which the special fuel tax has not been paid by any other distributor:

2 (i) 29.25 cents in fiscal years 2018 and 2019;

3 (ii) 29.45 cents in fiscal years 2020 and 2021;

4 (iii) 29.55 cents in fiscal year 2022; and

5 (iv) 29.75 cents in fiscal year 2023 and thereafter; and

6 (c) 5 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply  
7 center, which is allocated to the department as provided by 67-1-301.

8 (2) The gasoline tax provided for in subsection (1)(a) must be deposited as follows:

9 (a) the revenue from 23 cents of the tax less the allocations provided for in 60-3-201(1)(a) through  
10 (1)(d) to the highway restricted account provided for in 15-70-126;

11 (b) the revenue from 4 cents of the tax less the allocations provided for in 60-3-201(1)(a) through  
12 (1)(d) to the highway patrol administration state special revenue account established in 44-1-110; and

13 (c) the remaining revenue from the tax less the allocations provided for in 60-3-201(1)(a) through  
14 (1)(d) to the bridge and road safety and accountability restricted account provided for in 15-70-127.

15 (3) The special fuel tax provided for in subsection (1)(b) must be deposited as follows:

16 (a) the revenue from 23 3/4 cents of the tax to the highway restricted account provided for in 15-  
17 70-126;

18 (b) the revenue from 4 cents of the tax to the highway patrol administration state special revenue  
19 account established in 44-1-110; and

20 (c) the remaining revenue from the tax to the bridge and road safety and accountability restricted  
21 account provided for in 15-70-127.

22 (4) Gasoline or special fuel may not be included in the measure of the distributor's tax if it is sold  
23 for export unless the distributor is not licensed and is not paying the tax to the state where the fuel is destined.

24 If the fuel is exported out of state and there is no verification that the tax in the state where the fuel is destined  
25 has been paid, both the distributor and the supplier are liable for the license tax on the fuel.

26 (5) The taxes provided for in subsections (1)(a) and (1)(b) are imposed when:

27 (a) the fuel is removed from a refinery in this state;

28 (b) the fuel is removed from a terminal in this state; or



1            (c) fuel that is destined for Montana arrives in this state. For the purposes of this subsection (5)(c),  
 2 "arrives" means when the destined fuel crosses the Montana border.

3            ~~(5)(6)~~ Special fuel may not be included in the measure of the distributor's tax if it is dyed by injector at  
 4 a refinery or terminal for off-highway use.

5            ~~(6)(7)~~ When no Montana fuel tax has been paid by a distributor or any other person, the department  
 6 shall collect or cause to be collected from the owners or operators of motor vehicles operating on the public  
 7 roads and highways of this state a tax equal to the tax rate provided for in subsection (1)(a) for gasoline and  
 8 subsection (1)(b) for dyed or undyed special fuel. The tax must be paid for each gallon of gasoline or special  
 9 fuel as defined in this part, or other volatile liquid, except liquid petroleum gas, of less than 46 degrees A.P.I.  
 10 (American petroleum institute) gravity test sold or used to produce motor power to operate motor vehicles on  
 11 the public roads and highways of this state.

12            ~~(7)(8)~~ The tax may not be imposed on dyed special fuel delivered into the fuel supply tank of a  
 13 vehicle that is equipped with a feed delivery box if:

14            (a) the feed delivery box is permanently affixed to the vehicle;

15            (b) the vehicle is used exclusively for the feeding of livestock; and

16            (c) the gross vehicle weight of the vehicle, exclusive of any towed units, is greater than 12,000  
 17 pounds.

18            ~~(8)(9)~~ All special fuel or other volatile liquid, except liquid petroleum gas, of less than 46 degrees  
 19 A.P.I. (American petroleum institute) gravity test sold or used in motor vehicles, motorized equipment, and the  
 20 internal combustion of any engines, including stationary engines, and used in connection with any work  
 21 performed under any contracts pertaining to the construction, reconstruction, or improvement of a highway or  
 22 street and its appurtenances awarded by any public agencies, including federal, state, county, municipal, or  
 23 other political subdivisions, must be fuel on which Montana fuel tax has been paid.

24            ~~(9)(10)~~ Material used for construction, reconstruction, or improvement in connection with work  
 25 performed under a contract as provided in subsection ~~(8)~~ (9) must be produced using fuel on which Montana  
 26 fuel tax has been paid."

27

28            **Section 4.** Section 15-70-404, MCA, is amended to read:

1           **"15-70-404. Computation.** (1) The tax imposed on the distributor under 15-70-403(1) may be  
2 rounded to the nearest whole dollar amount.

3           (2) The tax imposed under ~~15-70-403(6)~~ 15-70-403(7) on owners or operators of the motor  
4 vehicles operating on the public roads and highways of this state must be computed, with respect to gasoline or  
5 special fuel for which the tax has not been paid in this state and that has been consumed by the purchaser, by  
6 multiplying the corresponding tax rate per gallon as provided in 15-70-403(1) by the number of gallons of  
7 gasoline or special fuel consumed by the person in the operation of motor vehicles on the public roads and  
8 highways of this state."

9

10           **Section 5.** Section 15-70-410, MCA, is amended to read:

11           **"15-70-410. Distributor's statement and payment -- confidentiality.** (1) Each licensed distributor  
12 shall, not later than the 25th day of each calendar month, except as provided in 15-70-113(3), render to the  
13 department of transportation a signed statement that specifies all gasoline or special fuel distributed and  
14 received by the distributor in this state during the preceding calendar month and that contains other information  
15 the department may reasonably require in order to administer the fuel tax law. The statement must be  
16 accompanied by a payment in an amount equal to the tax imposed by 15-70-403, less any refund credit issued  
17 under 15-70-425 and less 1% of the total tax that may be deducted by the distributor as an allowance for  
18 collection. An allowance may not be deducted from the tax on aviation fuel.

19           (2) A distributor engaged in or carrying on a business at more than one location in this state may  
20 include all places of business in one statement.

21           (3) The department or a deputy, assistant, agent, clerk, or other employee of the department may  
22 not publish or otherwise disseminate information contained in a statement required under this section in a form  
23 that allows identification of a distributor or a purchaser of fuel. This section does not prohibit:

24           (a) the delivery to a distributor or a distributor's authorized representative of a certified copy of any  
25 return or report filed in connection with the distributor's tax;

26           (b) the inspection by the attorney general or by another legal representative of the state of the  
27 report or return of a distributor who brings an action to set aside or review the tax based on the report or return  
28 or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

1 (c) the publication of statistics classified to prevent the identification of particular reports or returns  
2 and the items in the reports or returns;

3 (d) the inspection by the commissioner of internal revenue of the United States or by the proper  
4 officer of any state imposing a tax on gasoline or special fuel or by any representative of either officer of the  
5 report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of  
6 the report or return, but permission must be granted or information must be furnished to the officer or the  
7 officer's representative only if the statutes of the United States or the other state grant substantially similar  
8 privileges to the proper officer of this state charged with the administration of this chapter or in compliance with  
9 15-70-121 and 15-70-122; or

10 (e) the compliance of the department with any order of a court of competent jurisdiction."  
11

12 **Section 6.** Section 15-70-425, MCA, is amended to read:

13 **"15-70-425. Refund or credit authorized.** (1) A person who purchases and uses any gasoline or  
14 special fuel on which the Montana gasoline or special fuel tax has been paid for denaturing ethanol to be used  
15 in ethanol-blended gasoline, operating stationary gasoline or special fuel engines used off the public roads and  
16 highways of this state, or for any commercial use other than operating vehicles on any of the public roads and  
17 highways of this state is allowed a refund of the amount of tax paid directly or indirectly on the gasoline or  
18 special fuel used if the person has records, as provided in 15-70-426, to prove nontaxable use. The refund may  
19 not exceed the tax paid or to be paid to the state. A refund is not allowed for the tax per gallon on aviation fuel  
20 allocated to the department of transportation as provided in 67-1-301.

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

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

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

28 (3) A distributor who pays the gasoline or special fuel tax to this state erroneously is allowed a

1 credit or refund of the amount of tax paid.

2 (4) (a) A licensed distributor is entitled to a credit for the tax paid to the department on those sales  
3 of gasoline or special fuel with a tax liability of \$200 or greater for which the distributor has not received  
4 consideration from or on behalf of the purchaser and for which the distributor has not forgiven any liability. The  
5 distributor shall have declared the accounts of the purchaser worthless not more than once during a 3-year  
6 period and claimed those accounts as bad debts for federal or state income tax purposes.

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

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

12 (5) A person who purchases and exports for sale, use, or consumption outside Montana any  
13 gasoline or special fuel on which the Montana gasoline or special fuel tax has been paid is entitled to a credit or  
14 refund of the amount of tax paid unless the person is not licensed and is not paying the tax to the state where  
15 fuel is destined. Upon completion of the reports required under 15-70-416, the department shall authorize the  
16 credit or refund."

17

18 **Section 7.** Section 15-70-432, MCA, is amended to read:

19 **"15-70-432. Application for refund or credit -- filing -- correction by department.** (1) (a) Except as  
20 provided in subsection (1)(b), the application for a refund must be a signed statement on a form furnished by  
21 the department. Except for a claim for a credit for taxes paid on unpaid accounts or special fuel taxes paid by  
22 the United States government, the state of Montana, any other state, or any county, incorporated city, town, or  
23 school district of this state or except for a claim for a refund filed electronically, the form must be accompanied  
24 by the original bulk delivery invoice or invoices issued to the claimant at the time of each purchase and delivery  
25 and must show the total amount of gasoline or special fuel purchased, the total amount of gasoline or special  
26 fuel on which a refund is claimed, and the amount of the tax claimed for refund. A claim for a credit for taxes  
27 paid on accounts for which the licensed distributor did not receive compensation must be accompanied by  
28 documents or copies of documents showing that the accounts were worthless and claimed as bad debts on the

1 distributor's federal income tax return. Any further information pertaining to a claim must be furnished as  
2 required by the department.

3 (b) A claim for a refund that is filed electronically in the manner specified by the department does  
4 not require a signature or the original invoices.

5 (c) A claim for a refund that is filed electronically does not relieve the taxpayer of maintaining  
6 records on which the claim for a refund is based.

7 (2) A bulk delivery invoice issued by a dealer for a sale that does not qualify as a bulk delivery, as  
8 defined in 15-70-401, is not valid for refund purposes.

9 (3) All applications for refunds must be filed with the department within 36 months after the date on  
10 which the gasoline or special fuel was purchased as shown by invoices or after the date on which the tax was  
11 erroneously paid. A distributor may file a claim for refund of taxes erroneously paid or for a credit for taxes paid  
12 by the distributor on unpaid accounts within 3 years after the date of payment.

13 (4) If the department finds that the statement contains errors that are not fraudulently inserted, it  
14 may correct the statement and approve it as corrected or the department may require the claimant to file an  
15 amended statement."  
16

17 **Section 8.** Section 15-70-434, MCA, is amended to read:

18 **"15-70-434. Approval or rejection of claim.** (1) The department of transportation has 120 working  
19 days after receiving the claim to approve or reject it. If approved, the department shall issue a credit in lieu of  
20 refund for the amount of the claim if the claimant is a licensed distributor; for all other persons, a warrant must  
21 be drawn upon the state treasurer for the amount of the claim.

22 (2) If the department determines that any claim has been fraudulently presented or is supported by  
23 invoice or invoices fraudulently made or altered or that any statement in the claim or affidavit is willfully false  
24 and made for the purpose of misleading, the department shall reject the claim in full. If a claim is rejected, the  
25 department may suspend the claimant's right to refund for a period not to exceed 1 year."  
26

27 **Section 9.** Section 15-70-441, MCA, is amended to read:

28 **"15-70-441. Dyed special fuel restrictions -- penalties.** (1) (a) A person may not use untaxed dyed

1 special fuel in violation of ~~15-70-403 (8) or (9)~~ 15-70-403(9) or (10) or to operate a motor vehicle on the public  
2 roads and highways of this state unless:

3 (i) the motor vehicle has a gross vehicle weight of greater than 12,000 pounds, exclusive of any  
4 towed units, is equipped with a feed delivery box that is permanently affixed to the vehicle, and is used solely  
5 for the feeding of livestock; or

6 (ii) the use is permitted pursuant to rules adopted under subsection (1)(c).

7 (b) (i) The purposeful or knowing use of untaxed dyed special fuel in a motor vehicle operating on  
8 the public roads and highways of this state in violation of ~~15-70-403(8) or (9)~~ 15-70-403(9) or (10) or this  
9 subsection (1) is subject to the civil penalty imposed under subsection (1)(b)(ii). Each use is a separate offense.  
10 The civil penalty may be in addition to criminal penalties imposed under 15-70-443.

11 (ii) The department shall, after giving notice and holding a hearing, if requested, impose a civil  
12 penalty not to exceed \$1,000 for the first offense and \$5,000 for the second offense for using dyed special fuel  
13 in violation of the provisions of this section. A subsequent offense is subject to criminal penalties imposed under  
14 15-70-443.

15 (c) The department shall adopt and enforce reasonable rules for the movement of off-highway  
16 vehicles traveling from one location to another on the public roads and highways of this state when using dyed  
17 special fuel or nontaxed fuel.

18 (2) The operator of the vehicle is liable for the tax imposed in 15-70-403. If the operator refuses or  
19 fails to pay the tax, in whole or in part, the seller of the dyed special fuel is jointly and severally liable for the tax  
20 imposed under 15-70-403 and for the penalties described in this section if the seller knows or has reason to  
21 know that the fuel will be used for a taxable purpose."

22

23 NEW SECTION. Section 10. Effective date. [This act] is effective January 1, 2024.

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