

HOUSE BILL NO. 822  
INTRODUCED BY M. REINHART

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT FOR BIODIESEL AND BIODIESEL BLEND PURCHASED FOR USE BY AN INDIVIDUAL IN THE INDIVIDUAL'S VEHICLES AND EQUIPMENT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**NEW SECTION. Section 1. Biodiesel tax credit -- purpose -- definitions.** (1) The purpose of this section is to promote the use of biodiesel and to assist in making biodiesel economically competitive with petroleum-based diesel fuels.

(2) For purposes of this section, "biodiesel" and "biodiesel blend" have the meanings provided in 15-70-301.

(3) (a) An individual taxpayer who purchases biodiesel or biodiesel blend from biodiesel producers or biodiesel distributors or at retail for use in the taxpayer's diesel vehicles and equipment after December 31, 2006, is entitled to claim a tax credit against taxes imposed by this chapter.

(b) (i) Except as provided in subsection (3)(b)(ii), the maximum credit that a taxpayer may claim in a year under this section is an amount equal to the cost of the biodiesel or biodiesel blend purchased, not to exceed \$500.

(ii) The credit is nonrefundable and may not exceed the amount of the individual's tax liability. The credit may not be carried forward or carried back.

(4) The tax credit is available only for biodiesel blends that contain more than the state minimum requirement of biodiesel, if a minimum requirement is in effect. The credit for purchase of biodiesel blend must be calculated on the pro rata share of the biodiesel blend to the total diesel fuel purchased.

(5) A taxpayer shall keep records of biodiesel and biodiesel blend purchases in order to substantiate the claimed tax credit.

**NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

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