SENATE BILL NO. 541

INTRODUCED BY M. DUNWELL

A BILL FOR AN ACT ENTITLED: “AN ACT PROVIDING A TAX CREDIT FOR BIOFUELS; PROVIDING THAT THE CREDIT APPLIES TO BIOFUELS MANUFACTURED AND SOLD IN MONTANA; PROVIDING A DEFINITION; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE.”

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

NEW SECTION. Section 1. In-state biofuel production and sale tax credit -- purpose. (1) There is a credit against taxes imposed by Title 15, chapters 30 and 31, for the in-state sale of biofuels manufactured in the state. The credit may be claimed by an individual, corporation, partnership, or small business corporation, as defined in 15-30-3301, or a cooperative association as described in Title 35, chapter 15, that manufactures biofuels in the state and sells the product within the state. The credit is equal to $0.05 a gallon both manufactured and sold in the state.

(2) The credit may not be refunded and may not be carried forward or carried back.

(3) The individual, corporation, partnership, or small business corporation shall keep records of biofuel purchases in order to substantiate the claimed tax credit.

(4) Pursuant to 5-4-104, the purpose of this credit is to promote the use and sale of biofuels within the state due to the higher economic and societal costs of petroleum gasoline and diesel fuels.

(5) For the purposes of this section, "biofuel" means liquid fuel derived from organic matter intended for use as transportation fuel. The term includes but is not limited to biodiesel, biodiesel blends, ethanol, and ethanol-blended gasoline.

Section 2. Section 15-30-2303, MCA, is amended to read:

“15-30-2303. Tax credits subject to review by interim committee. (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10..."
years thereafter:

(a) the credit for contractor's gross receipts provided for in 15-50-207; and
(b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 10 years thereafter:

(a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-3110, and 15-31-158; and
(b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111, and 15-31-159.

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and during each biennium commencing 10 years thereafter:

(a) the credit for infrastructure use fees provided for in 17-6-316;
(b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329, 15-31-161, and 15-31-162; and
(c) the credit for property to recycle or manufacture using recycled material provided for in Title 15, chapter 32, part 6.

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and during each biennium commencing 10 years thereafter:

(a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;
(b) the credit for unlocking state lands provided for in 15-30-2380;
(c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and
(d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174; and
(e) the credit for biofuels manufactured and sold in the state provided for in [section 1].

(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and during each biennium commencing 10 years thereafter:

(a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173;
(b) the earned income tax credit provided for in 15-30-2318; and
(c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.

(6) The revenue interim committee shall review the tax credits scheduled for review and make recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or terminate.

(7) The revenue interim committee shall review the credits using the following criteria:

(a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that may have been made regardless of the existence of the tax credit;

(b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

(c) whether the credit has out-of-state beneficiaries;

(d) the timing of costs and benefits of the credit and how long the credit is effective;

(e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or elimination outweigh adverse impacts; and

(f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d) terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--sec. 24(1), Ch. 550, L. 2021.)

NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as a new part in Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].


NEW SECTION. Section 5. Termination. [Sections 1 and 2] terminate December 31, 2028.