

Memorandum

To: Revenue Interim Committee

From: Dylan Cole, Economist, Tax Policy and Research

Date: July 6, 2020

Subject: Biodiesel Blending and Storage Tax Credit

In accordance with the provisions of 15-32-703(10), MCA, the Department of Revenue is required to report biennially on the amount of credits claimed under the biodiesel blending and storage tax credit.

Taxpayers can claim a credit of 15 percent of the cost of equipment used in blending biodiesel made from Montana ingredients with petroleum-based diesel. The credit can also be used for storage facilities in a year when the taxpayer is blending or in the two years before blending began. The total credit that may be claimed for all years is limited to \$52,500 for a distributor and \$7,500 for a retailer. The tax credit is not refundable but may be carried forward to any succeeding tax year until the seventh tax year following the earned credit. The tax credit may not be carried forward to a year in which the individual or corporation is not blending or storing biodiesel.

The following table shows the total amount of the credit claimed for individual income tax in recent years. A corporation has not claimed this credit since tax year 2007 so they are not included in the table. The number of taxpayers claiming the credit is not provided because counts less than 10 are not published to protect taxpayer confidentiality. Fewer than 10 individuals per year have claimed this credit since its inception in tax year 2006.

Tax Year	Amount of Credit Claimed
2011	\$46,755
2012	0
2013	\$2,250
2014	0
2015	0
2016	0
2017	0
2018	0