Montana Department of Transportation

Submitted to the Transportation Interim Committee

July 2020

Biodiesel Blending and Storage Tax Credit

Background:

MCA 15-32-703 is the Biodiesel Blending and Storage Tax Credit which is administered by the Department of Revenue. This incentive allows an individual, corporation, partnership, or small business corporation a credit against taxes imposed by Title 15, Chapter 30 or 31 for costs of investments in depreciable property used for storing or blending biodiesel with petroleum diesel for sale. The total amount of the credits for all years that may be claimed by an owner or operator of a motor fuel outlet is 15% of the costs of investments in said property, up to a total of $7,500. The investment must be for depreciable property used primarily to blend petroleum diesel with biodiesel made entirely from Montana-produced feedstocks.

Information:

An average of 500 gallons of biodiesel are produced in Montana each month by one company. This biodiesel does not qualify for the refund because not all of the ingredients needed to produce biodiesel are available in Montana and must be imported.

Status:

According to Mark Schoenfeld with the Department of Revenue, this credit was not claimed by any person or company within the past two years. In addition, the department reports that administrative costs are minimal for only the upkeep of forms and instructions, etc.

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Cooperative Agreement -- Motor Fuels Taxes

Background:

MCA 15-70-450 allows the Department of Transportation and an Indian tribe to enter into a cooperative agreement to prevent the possibility of duel taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations.

Information:

In FY2020, a total of $6,070,265 was paid to Montana's seven tribes who have active cooperative agreements with the department.

Status:

The current tribal motor fuels revenue sharing agreements have various termination dates. The Governor's Office is pursuing ten-year extensions of all of the agreements. The agreements with the Blackfeet Tribe and Fort Belknap Tribe have technically expired but the agreement provisions are in effect while the Governor's Office is pursing the extensions. The Northern Cheyenne agreement was set to terminate on June 30, 2020, but a short extension was entered into through September 30, 2020, so that the Northern Cheyenne Tribe can consider whether it would like to renew the agreement for another ten years.

Contacts

For any questions or comments regarding the Biodiesel Blending and Storage Tax Credit information or Motor Fuel Tax Cooperative Agreements, please contact:

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