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Memorandum

To: Revenue and Transportation Interim Committee

From: Rose Bender, Economist, Tax Policy and Research

RB

Date: August 19, 2016

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 (15-32-703, MCA). This tax credit allows an individual, corporation or small business corporation to receive a tax credit "for the costs of investments in depreciable property used for storing or blending biodiesel with petroleum diesel for sale" (15-32-703(1), MCA). This credit was passed by the 2005 Montana legislature.

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. Total credits that may be claimed for all years are limited to \$52,500 for a distributor and \$7,500 for a retailer. The tax credit 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 and corporate income tax in recent years. The number of credits claimed is not provided as counts less than 10 are not shown to protect taxpayer confidentiality.

Tax Year	Personal Income Tax	Corporate Income Tax
2010	\$907	\$0
2011	\$46,755	\$0
2012	\$0	\$0
2013	\$0	\$0
2014	\$0	\$0 ¹

¹ As of returns processed by June 6, 2016; a complete dataset of tax year 2014 corporate returns is not yet available.