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Memorandum

To: Revenue and Transportation Interim Committee

From: Rose Bender, Economist *Rose Bender*
Tax Policy and Research, Montana Department of Revenue

Date: November 21, 2013

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 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 credit against taxes "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 (wholesaler) 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 taxes in recent years. The number of credits claimed is not provided as counts less than 10 are not shown to protect taxpayer confidentiality.

Table 1 Value of Biodiesel Blending and Storage Tank Credits Claimed

Tax Year	Personal Income Tax	Corporate Income Tax
2008	\$1,090	0
2009	\$2,630	0
2010	\$907	0
2011	\$46,755	0
2012	\$0	*

* A complete dataset of tax year 2012 corporate returns is not yet available.