

Gasoline and Vehicle Tax Incentives

The following information provides the incentives classified under gasoline and vehicle taxes.

Tax Incentives Available

Production of Alcohol Tax Fuel Incentive (MCA 15-70-501 to 15-70-523)

Eligibility: Alcohol distributors that distill alcohol that is to be:

1. Blended with gasoline for sale as gasohol in Montana
2. Used in the production of ethyl butyl ether for use in reformulated gasoline
3. Exported from Montana to be blended with gasoline for sale as gasohol

An applicant must provide a written business plan to the Department of Transportation at least 24 months before the applicants anticipated collection of the tax incentive. The written business plan must include information pertaining to the source of financing, the anticipated source of agricultural products used in the production of alcohol for use in gasohol, the time, quantity and duration of alcohol production and a construction or remodeling timetable. The timeline between start of construction and production cannot exceed 48 months from the date the application was received by the Department of Transportation. Adherence to a strict timeline will allow an applicant to remain eligible for the incentive. The tax incentive expires July 1, 2010.

Benefit: The tax benefit is a payment from the gas tax to the alcohol distributor equal to \$.30 per gallon for each gallon of alcohol distilled that is 100% produced from Montana products and reduced proportionately based on the amount of non-Montana products used in the production of the alcohol. Statute limits the total payments made for the incentive to \$6 million in any consecutive 12-month period. An alcohol distributor may not receive tax incentive payments that exceed \$3 million in any consecutive 12-month period.

For more information contact:

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