

HOUSE BILL No. 1087

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-15; IC 6-6; IC 9-13-2-49.4; IC 9-18.1-15.

Synopsis: Fuel taxes and vehicle fees. Specifies that the motor carrier fuel surcharge tax must be paid on all special fuel at the same time the special fuel tax is paid instead of being paid on taxable special fuel using a quarterly return. (The surcharge tax applies only to commercial use.) Provides that an individual who owns a motor vehicle that uses diesel fuel that is exempt from the motor carrier fuel surcharge tax is entitled to a credit of \$100 (\$50 in 2017) against the individual's adjusted gross income tax liability each taxable year as an offset to the motor carrier fuel surcharge taxes paid throughout the year. Provides for a refund to vehicle owners for taxes paid on motor fuel used in vehicles exempt from the surcharge tax. Provides that biodiesel fuel that is manufactured in Indiana and shipped out of state is exempt from the special fuel tax and motor carrier fuel tax. (Under current law, a refund must be claimed.) Increases alternative fuel decal and temporary permit fees. Imposes a road impact fee on electric powered motor vehicles that must be paid upon registering an electric powered motor vehicle. Provides that road impact fees must be deposited, allocated, and distributed the same as the alternative fuel fee.

Effective: January 1, 2017 (retroactive); July 1, 2017.

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January 5, 2017, read first time and referred to Committee on Ways and Means.



First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1087

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-3-15 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2017 (RETROACTIVE)]: **Sec. 15. (a) This section**
4 **applies only to taxable years beginning after December 31, 2016.**
5 **(b) As used in this section, "exempt vehicle" means a motor**
6 **vehicle that:**
7 **(1) is registered under IC 9-18 for operation on the public**
8 **highways; and**
9 **(2) uses motor fuel that is exempt from the motor carrier fuel**
10 **surcharge tax under IC 6-6-4.1.**
11 **(c) Subject to subsection (d), each taxable year, an individual**
12 **who:**
13 **(1) owns an exempt vehicle; and**
14 **(2) paid the motor carrier fuel surcharge tax as a result of the**
15 **tax being included in the amount charged at the pump;**
16 **during the taxable year is entitled to a credit against the**
17 **individual's adjusted gross income tax liability for the taxable year**



1 equal to one hundred dollars (\$100) instead of a refund of the
 2 motor carrier fuel surcharge tax paid. However, for a taxable year
 3 beginning in 2017, the credit amount is fifty dollars (\$50).

4 (d) The credit provided by this section may not exceed the
 5 amount of the adjusted gross income tax imposed by IC 6-3-1
 6 through IC 6-3-7 on the taxpayer's income for the taxable year,
 7 reduced by the sum of all credits for the taxable year that are
 8 applied before the application of the credit provided by this
 9 section. The amount of any unused credit under this section for a
 10 taxable year may not be carried forward to a succeeding taxable
 11 year, carried back to a preceding taxable year, or refunded.

12 SECTION 2. IC 6-6-2.5-1.7 IS ADDED TO THE INDIANA CODE
 13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 14 1, 2017]: **Sec. 1.7. As used in this chapter, "biodiesel manufacturing
 15 plant" means a facility that is located in Indiana and is used for the
 16 production of biodiesel.**

17 SECTION 3. IC 6-6-2.5-20 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 20. As used in this
 19 chapter, "received" means the removal from any refinery or terminal in
 20 Indiana, **including a biodiesel manufacturing plant**, or the entry into
 21 Indiana of any special fuel for consumption, use, sale, or warehousing,
 22 except for transfers in bulk into or within a terminal in Indiana between
 23 registered suppliers. The tax imposed under section 28 of this chapter
 24 with respect to special fuel removed from terminals within Indiana and
 25 with respect to special fuel which is the subject of a tax precollection
 26 agreement pursuant to section 35(j) of this chapter, shall be imposed at
 27 the same time and in the same manner as the tax imposed by Sections
 28 4081 to 4083 of the Internal Revenue Code. The definitions of the
 29 terms "removal", "entry", and "transfers in bulk" shall have the same
 30 meanings described in the Internal Revenue Code or Code of Federal
 31 Regulations.

32 SECTION 4. IC 6-6-2.5-20.5 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2017]: **Sec. 20.5. As used in this chapter,
 35 "refinery" has the meaning set forth in 26 CFR 48.4081-1. The
 36 term also includes a biodiesel manufacturing plant.**

37 SECTION 5. IC 6-6-2.5-23 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 23. As used in this
 39 chapter, "supplier" means a person that imports or acquires
 40 immediately upon import into Indiana special fuel by pipeline or
 41 marine vessel from within a state, territory, or possession of the United
 42 States into a terminal or that imports special fuel into Indiana from a



1 foreign country, or that produces, manufactures, or refines special fuel
 2 within Indiana, **including a person that produces biodiesel or both**
 3 **biodiesel and blended biodiesel at a biodiesel manufacturing plant,**
 4 or that owns special fuel in the pipeline and terminal distribution
 5 system in Indiana, and is subject to the general taxing or police
 6 jurisdiction of Indiana, and in any case is also registered under Section
 7 4101 of the Internal Revenue Code for transactions in taxable motor
 8 fuels in the bulk distribution system. A terminal operator shall not be
 9 considered a supplier merely because the terminal operator handles
 10 special fuel consigned to it within a terminal.

11 SECTION 6. IC 6-6-2.5-57.5 IS ADDED TO THE INDIANA
 12 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2017]: **Sec. 57.5. (a) Each person operating**
 14 **a biodiesel manufacturing plant in Indiana shall file monthly**
 15 **reports of operations within Indiana on forms prescribed by the**
 16 **department. The department may require the reporting of any**
 17 **information the department considers reasonably necessary.**

18 **(b) For purposes of reporting and determining tax liability**
 19 **under this chapter, every licensee shall maintain inventory records**
 20 **as required by the department.**

21 SECTION 7. IC 6-6-4.1-4.5, AS AMENDED BY P.L.277-2013,
 22 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2017]: Sec. 4.5. (a) A surcharge tax is imposed on the
 24 consumption of motor fuel by a carrier in its operations on highways in
 25 Indiana. The rate of this surcharge tax is eleven cents (\$0.11) per:

- 26 (1) gallon of gasoline or special fuel (other than natural gas or an
 27 alternative fuel commonly or commercially known or sold as
 28 butane or propane);
- 29 (2) diesel gallon equivalent of a special fuel that is liquid natural
 30 gas; or
- 31 (3) gasoline gallon equivalent of a special fuel that is compressed
 32 natural gas or an alternative fuel commonly or commercially
 33 known or sold as butane or propane.

34 The surcharge tax shall be collected and remitted in the manner
 35 specified for the special fuel tax in IC 6-6-2.5-28 and IC 6-6-2.5-35.
 36 The exemptions set forth in IC 6-6-2.5-30 apply to the tax imposed
 37 by this section. Any tax not paid in the manner specified for the
 38 special fuel tax in IC 6-6-2.5 shall be paid quarterly by the carrier to
 39 the department on or before the last day of the month immediately
 40 following the quarter.

41 (b) The amount of motor fuel consumed by a carrier in its operations
 42 on highways in Indiana is the total amount of motor fuel consumed in



1 its entire operations within and without Indiana, multiplied by a
 2 fraction. The numerator of the fraction is the total number of miles
 3 traveled on highways in Indiana, and the denominator of the fraction is
 4 the total number of miles traveled within and without Indiana.

5 (c) The amount of tax that a carrier shall pay for a particular quarter
 6 under this section equals the product of the tax rate in effect for that
 7 quarter, multiplied by the amount of motor fuel consumed by the
 8 carrier in its operation on highways in Indiana **and upon which the**
 9 **carrier has not paid the tax under this section in the manner**
 10 **specified for the special fuel tax in IC 6-6-2.5.**

11 (d) Subject to section 4.8 of this chapter, a carrier is entitled to a
 12 proportional use credit against the tax imposed under this section for
 13 that portion of motor fuel used to propel equipment mounted on a
 14 motor vehicle having a common reservoir for locomotion on the
 15 highway and the operation of this equipment as determined by rule of
 16 the commissioner. An application for a proportional use credit under
 17 this subsection shall be filed on a quarterly basis on a form prescribed
 18 by the department.

19 SECTION 8. IC 6-6-4.1-4.9 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 21 1, 2017]: **Sec. 4.9. (a) A person is entitled to a refund against the tax**
 22 **imposed under section 4.5 of this chapter if the person paid the tax**
 23 **on motor fuel used in a vehicle described in section 2(b) of this**
 24 **chapter.**

25 (b) **A refund may be claimed for each calendar quarter that the**
 26 **person is entitled to a refund. The refund claim must be filed**
 27 **before the fifteenth day following each calendar quarter on forms**
 28 **and in the manner prescribed by the department. To receive a**
 29 **refund, the person must file any evidence supporting the refund**
 30 **that is required by the department.**

31 (c) **A person that claims a credit under IC 6-3-3-15 is not**
 32 **entitled to a refund under this section.**

33 SECTION 9. IC 6-6-14-4, AS ADDED BY P.L.212-2014,
 34 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2017]: Sec. 4. (a) The owner of one (1) of the following motor
 36 vehicles that is registered in Indiana and that is propelled by alternative
 37 fuel shall obtain an alternative fuel decal for the motor vehicle and pay
 38 an annual fee in accordance with the following schedule:

39 SCHEDULE

40 Motor Vehicle	Annual Fee
41 A passenger motor vehicle, truck, or bus, 42 the declared gross weight of which is	



1	equal to or less than 9,000 pounds.	\$100 \$200
2	A recreational vehicle.	\$100 \$200
3	A truck or bus, the declared gross	
4	weight of which is greater than 9,000 pounds	
5	but equal to or less than 11,000 pounds.	\$175 \$350
6	An alternative fuel delivery truck powered	
7	by alternative fuel, which is a truck the	
8	declared gross weight of which is greater	
9	than 11,000 pounds.	\$250 \$500
10	A truck or bus, the declared gross weight	
11	of which is greater than 11,000 pounds,	
12	except an alternative fuel delivery truck.	\$300 \$600
13	A tractor, designed to be used with a	
14	semitrailer.	\$500 \$1,000
15	Only one (1) fee is required to be paid per motor vehicle per year.	
16	(b) The annual fee may be prorated on a quarterly basis if:	
17	(1) application is made after June 30 of a year; and	
18	(2) the motor vehicle is newly:	
19	(A) converted to alternative fuel;	
20	(B) purchased; or	
21	(C) registered in Indiana.	
22	SECTION 10. IC 6-6-14-5, AS ADDED BY P.L.212-2014,	
23	SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
24	JULY 1, 2017]: Sec. 5. (a) The owner of a motor vehicle that is	
25	propelled by alternative fuel and is:	
26	(1) registered outside Indiana; and	
27	(2) operated on a public highway in Indiana;	
28	shall obtain a temporary trip permit. An alternative fuel temporary trip	
29	permit may be purchased from a licensed propane dealer who sells	
30	alternative fuels.	
31	(b) A temporary trip permit is valid for seventy-two (72) hours from	
32	the time of purchase. The fee for each permit is five eleven dollars and	
33	fifty cents (\$5.50): (\$11). The fee for an alternative temporary trip	
34	permit must be collected from the purchaser by the licensed propane	
35	dealer and paid monthly to the administrator on forms prescribed by the	
36	department.	
37	SECTION 11. IC 9-13-2-49.4 IS ADDED TO THE INDIANA	
38	CODE AS A NEW SECTION TO READ AS FOLLOWS	
39	[EFFECTIVE JULY 1, 2017]: Sec. 49.4. "Electric powered motor	
40	vehicle", for purposes of IC 9-18.1-15, has the meaning set forth in	
41	IC 9-18.1-15-2.	
42	SECTION 12. IC 9-18.1-15 IS ADDED TO THE INDIANA CODE	



1 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2017]:

3 **Chapter 15. Road Impact Fee**

4 **Sec. 1. This chapter applies to annual motor vehicle**
5 **registrations occurring after December 31, 2017.**

6 **Sec. 2. As used in this chapter, "electric powered motor vehicle"**
7 **refers to any motor vehicle designed to be operated for at least**
8 **thirty-five (35) miles without requiring the assistance of an internal**
9 **combustion engine. The term includes any motor vehicle commonly**
10 **referred to as a "plug in" or "plug in hybrid" vehicle.**

11 **Sec. 3. (a) The owner of an electric powered motor vehicle that**
12 **is registered in Indiana shall pay an annual road impact fee.**

13 **(b) Except as provided in subsection (c), the amount of the**
14 **annual fee is one hundred dollars (\$100).**

15 **(c) This subsection applies to an electric powered motor vehicle**
16 **that is base registered in Indiana under the terms of the**
17 **International Registration Plan. The annual fee imposed under this**
18 **section on the electric powered motor vehicle is equal to:**

19 **(1) the amount of the fee prescribed for the electric powered**
20 **motor vehicle under subsection (b); multiplied by**

21 **(2) a percentage equal to the percentage of the owner's**
22 **registration fee for the electric powered motor vehicle that is**
23 **apportioned to Indiana under the International Registration**
24 **Plan.**

25 **Sec. 4. The annual fee imposed under section 3 of this chapter**
26 **is due on or before the regular annual registration date in each**
27 **year that the owner of the electric powered motor vehicle is**
28 **required to register the electric powered motor vehicle under:**

29 **(1) the motor vehicle registration laws of Indiana; or**

30 **(2) the terms of the International Registration Plan for an**
31 **electric powered motor vehicle that is base registered in**
32 **Indiana under the terms of the International Registration**
33 **Plan.**

34 **Sec. 5. Payment of the road impact fee imposed under section 3**
35 **of this chapter is a condition to the right to register or reregister an**
36 **electric powered motor vehicle. The fee is in addition to all other**
37 **conditions, taxes, and fees prescribed by law.**

38 **Sec. 6. The bureau may accept a voucher from the department**
39 **of state revenue showing payment of the road impact fee imposed**
40 **under section 3(c) of this chapter in lieu of a payment under section**
41 **3(a) of this chapter.**

42 **Sec. 7. The annual fee imposed under section 3 of this chapter**



1 must be reduced proportionately on a monthly basis if:

2 (1) the electric powered motor vehicle is registered in a
3 calendar month following the month in which:

4 (A) the owner's annual registration date occurs; or

5 (B) the owner is required to register motor vehicles under
6 the International Registration Plan; and

7 (2) the motor vehicle is newly:

8 (A) converted to electric power;

9 (B) purchased; or

10 (C) registered in Indiana.

11 Sec. 8. (a) A person is entitled to a refund of a fee paid under
12 section 3 of this chapter if the electric powered motor vehicle is
13 sold or destroyed before the person's registration year elapses.

14 Subject to subsection (b), the amount of the refund is equal to:

15 (1) the amount of the fee paid; multiplied by

16 (2) a fraction. The numerator of the fraction is the number of
17 full calendar months occurring after the date of the sale or
18 destruction of the electric powered motor vehicle and before
19 the date on which the person would have been required to
20 reregister the electric powered motor vehicle. The
21 denominator of the fraction is twelve (12).

22 (b) The amount of a refund determined under subsection (a)
23 must be rounded up to the next full dollar amount.

24 Sec. 9. The bureau shall transfer fees collected under this
25 chapter to the department of state revenue for deposit.

26 Sec. 10. Fees collected under this chapter must be deposited,
27 allocated, and distributed in the same manner that special fuel
28 taxes are deposited, allocated, and distributed under IC 6-6-2.5-67.

29 SECTION 13. [EFFECTIVE JULY 1, 2017] (a) IC 6-6-14-4, as
30 amended by this act, applies to decals issued after June 30, 2017.

31 (b) An alternative fuel decal that is effective from April 1, 2017,
32 through March 31, 2018, remains valid through March 31, 2018,
33 without the payment of an additional fee.

34 (c) This SECTION expires June 30, 2018.

35 SECTION 14. An emergency is declared for this act.

