

HOUSE BILL No. 1315

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1; IC 6-6-2.5-1.5.

Synopsis: Biofuel tax credits. Provides tax credits for: (1) the sale of higher ethanol blend; and (2) the: (A) sale of blended biodiesel or renewable diesel; and (B) blending of biodiesel or renewable diesel. Provides that the amount of the higher ethanol blend tax credit is \$0.05 per gallon of higher ethanol blend sold at the taxpayer's fueling station. Provides that the total amount of higher ethanol blend tax credits that may be awarded for a state fiscal year may not exceed \$10,000,000. Provides that the amount of the tax credit for blended biodiesel or renewable diesel is computed as follows: (1) \$0.05 per gallon of blended biodiesel or renewable diesel of at least 5% but not more than 10%: (A) sold at the taxpayer's fueling station; or (B) sold by a distributor directly to the final user. (2) \$0.10 per gallon of blended biodiesel or renewable diesel that is more than 10% but not more than 20%: (A) sold at the taxpayer's fueling station; or (B) sold by a distributor directly to the final user. (3) \$0.18 per gallon of blended biodiesel or renewable diesel that is more than 20%: (A) sold at the taxpayer's fueling station; or (B) sold by a distributor directly to the final user. (4) For a person who blends biodiesel or renewable diesel the product of: (A) \$0.035; multiplied by (B) the number of gallons of blended biodiesel or renewable diesel that is more than 5% and produced by blending biodiesel or renewable diesel at a terminal located in Indiana. Provides that the tax credit for blended biodiesel or renewable diesel is refundable. Provides that the total amount of blended biodiesel or renewable diesel tax credits that may be awarded for a state fiscal year may not exceed \$5,000,000.

Effective: July 1, 2024.

Snow, Heine

January 10, 2024, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1315



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 6-3.1-41 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2024]:
4 **Chapter 41. Higher Ethanol Blend Tax Credit**
5 **Sec. 1. This chapter applies to taxable years beginning after**
6 **December 31, 2024.**
7 **Sec. 2. As used in this chapter, "fueling station" means a retail**
8 **location within Indiana from which higher ethanol blend is sold to**
9 **the public and is dispensed directly into the fuel tank of a**
10 **customer's motor vehicle.**
11 **Sec. 3. As used in this chapter, "higher ethanol blend" means an**
12 **ethanol blend that is at least fifteen percent (15%) but not more**
13 **than eighty-five percent (85%) ethanol and is dispensed directly**
14 **into the fuel tank of a motor vehicle.**
15 **Sec. 4. As used in this chapter, "metered pump" means a**
16 **stationary pump that is capable of metering the amount of**
17 **gasoline, special fuel, or higher ethanol blend dispensed from it and**



1 that is capable of simultaneously calculating and displaying the
 2 price of the gasoline, special fuel, or higher ethanol blend
 3 dispensed.

4 **Sec. 5.** As used in this chapter, "state tax liability" means a
 5 taxpayer's total tax liability that is incurred under IC 6-3-1
 6 through IC 6-3-7 (the adjusted gross income tax) as computed after
 7 the application of the credits that, under IC 6-3.1-1-2, are to be
 8 applied before the credit provided by this chapter.

9 **Sec. 6.** As used in this chapter, "taxpayer" means any person,
 10 corporation, limited liability company, partnership, or other entity
 11 that:

- 12 (1) owns a fueling station;
- 13 (2) sells higher ethanol blend at the fueling station; and
- 14 (3) has state tax liability.

15 **Sec. 7.** A taxpayer is entitled to a credit against the taxpayer's
 16 state tax liability for higher ethanol blend sold at the taxpayer's
 17 fueling station during a particular taxable year. The amount of the
 18 credit provided by this chapter equals five cents (\$0.05) per gallon
 19 of higher ethanol blend that the retail dealer sells and dispenses
 20 through a metered pump at the taxpayer's fueling station during
 21 the taxable year.

22 **Sec. 8. (a)** The credit must be used for the taxable year in which
 23 the credit accrued. However, if the amount of the credit
 24 determined under this chapter for a taxpayer's taxable year
 25 exceeds the taxpayer's state tax liability for that taxable year, the
 26 taxpayer may carry over the excess to the following taxable years.
 27 The amount of the credit carryover from a taxable year must be
 28 reduced to the extent that the carryover is used by the taxpayer to
 29 obtain a credit under this chapter for any subsequent year. A
 30 credit may not be carried forward for more than three (3) taxable
 31 years following the taxable year in which the taxpayer is first
 32 entitled to claim the credit.

33 **(b)** A taxpayer is not entitled to a carryback or refund of any
 34 unused credit.

35 **(c)** A taxpayer may not sell, assign, convey, or otherwise
 36 transfer the credit provided by this chapter.

37 **Sec. 9.** If a pass through entity that qualifies for the credit does
 38 not have state tax liability against which the credit may be applied,
 39 a shareholder, partner, or member of the pass through entity may
 40 claim a credit under this chapter equal to:

- 41 (1) the credit determined for the pass through entity under
 42 this chapter for the taxable year; multiplied by



- 1 (2) the percentage of the pass through entity's distributive
2 income to which the shareholder, partner, or member is
3 entitled.
- 4 **Sec. 10. The total amount of tax credits that may be awarded**
5 **under this chapter for a state fiscal year may not exceed ten million**
6 **dollars (\$10,000,000).**
- 7 **Sec. 11. This chapter expires January 1, 2031.**
- 8 SECTION 2. IC 6-3.1-42 IS ADDED TO THE INDIANA CODE
9 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2024]:
- 11 **Chapter 42. Biodiesel Tax Credit**
- 12 **Sec. 1. This chapter applies to taxable years beginning after**
13 **December 31, 2024.**
- 14 **Sec. 2. As used in this chapter, "biodiesel" has the meaning set**
15 **forth in IC 6-6-2.5-1.5(a).**
- 16 **Sec. 3. As used in this chapter, "blended biodiesel" has the**
17 **meaning set forth in IC 6-6-2.5-1.5(b).**
- 18 **Sec. 4. As used in this chapter, "blender" means a person,**
19 **corporation, limited liability company, partnership, or other entity**
20 **that:**
- 21 (1) produces, refines, compounds, or manufactures motor
22 fuel; or
- 23 (2) blends biodiesel or renewable diesel;
24 **at a terminal located in Indiana.**
- 25 **Sec. 5. As used in this chapter, "distributor" means a person,**
26 **corporation, limited liability company, partnership, or other entity**
27 **in Indiana that:**
- 28 (1) imports motor fuel; or
- 29 (2) is engaged in distribution of motor fuel.
- 30 **Sec. 6. As used in this chapter, "fueling station" means a retail**
31 **location within Indiana from which blended biodiesel or renewable**
32 **diesel is sold to the public and is dispensed directly into the fuel**
33 **tank of a customer's motor vehicle.**
- 34 **Sec. 7. As used in this chapter, "metered pump" means a**
35 **stationary pump that is capable of:**
- 36 (1) metering the amount of gasoline, special fuel, blended
37 biodiesel, or renewable diesel dispensed from it; and
- 38 (2) simultaneously calculating and displaying the price of the
39 gasoline, special fuel, blended biodiesel, or renewable diesel
40 dispensed.
- 41 **Sec. 8. As used in this chapter, "renewable diesel" means**
42 **hydrocarbon fuel derived from biomass meeting the requirements**



1 of the most recent version of the American Society for Testing and
 2 Materials standard D975 or D396. A fuel that has been coprocessed
 3 or blended is not considered renewable diesel unless the biomass
 4 derived portion of the coprocessed renewable diesel can be verified
 5 using the most recent version of the American Society for Testing
 6 and Materials standard D6866.

7 **Sec. 9.** As used in this chapter, "retail dealer" means a person,
 8 corporation, limited liability company, partnership, or other entity
 9 that owns or operates a fueling station.

10 **Sec. 10.** As used in this chapter, "state tax liability" means a
 11 taxpayer's total tax liability that is incurred under IC 6-3-1
 12 through IC 6-3-7 (the adjusted gross income tax) as computed after
 13 the application of the credits that, under IC 6-3.1-1-2, are to be
 14 applied before the credit provided by this chapter.

15 **Sec. 11.** As used in this chapter, "taxpayer" means a:

- 16 (1) retail dealer;
- 17 (2) distributor; or
- 18 (3) blender;

19 that has state tax liability.

20 **Sec. 12.** As used in this chapter, "terminal" has the meaning set
 21 forth in IC 6-6-2.5-24.

22 **Sec. 13. (a)** A taxpayer is entitled to a credit against the
 23 taxpayer's state tax liability for a taxable year if any of the
 24 following apply:

- 25 (1) The taxpayer is a retail dealer that sells blended biodiesel
 26 or renewable diesel at a fueling station.
- 27 (2) The taxpayer is a distributor that sells blended biodiesel or
 28 renewable diesel directly to the final user located in Indiana.
- 29 (3) The taxpayer is a blender that blends biodiesel or
 30 renewable diesel at a terminal located in Indiana.

31 **(b)** This subsection applies to the calculation of the amount of
 32 the credit for a retail dealer or distributor. The amount of the
 33 credit is equal to the following:

- 34 (1) Five cents (\$0.05) per gallon of blended biodiesel or
 35 renewable diesel of at least five percent (5%) but not more
 36 than ten percent (10%) sold by a:
 - 37 (A) retail dealer through a metered pump at the retail
 38 dealer's fueling station; or
 - 39 (B) distributor directly to the final user located in Indiana;
 40 during the taxable year for which the credit is claimed.
- 41 (2) Ten cents (\$0.10) per gallon of blended biodiesel or
 42 renewable diesel that is more than ten percent (10%) but not



1 more than twenty percent (20%) sold by a:

2 (A) retail dealer through a metered pump at the retail
3 dealer's fueling station; or

4 (B) distributor directly to the final user located in Indiana;
5 during the taxable year for which the credit is claimed.

6 (3) Eighteen cents (\$0.18) per gallon of blended biodiesel or
7 renewable diesel that is more than twenty percent (20%) sold
8 by a:

9 (A) retail dealer through a metered pump at the retail
10 dealer's fueling station; or

11 (B) distributor directly to the final user located in Indiana;
12 during the taxable year for which the credit is claimed.

13 (c) This subsection applies to the calculation of the amount of
14 the credit for a blender. The amount of the credit is equal to the
15 product of:

16 (1) three and one-half cents (\$0.035); multiplied by

17 (2) the number of gallons of blended biodiesel or renewable
18 diesel that is:

19 (A) more than five percent (5%); and

20 (B) produced by blending biodiesel or renewable diesel at
21 a terminal located in Indiana;

22 during the taxable year for which the credit is claimed.

23 (d) The credit must be used for the taxable year in which the
24 credit accrued.

25 Sec. 14. A taxpayer is not entitled to carryback any unused
26 credit.

27 Sec. 15. A taxpayer may not sell, assign, convey, or otherwise
28 transfer the credit provided by this chapter.

29 Sec. 16. If a pass through entity that qualifies for the credit does
30 not have state tax liability against which the credit may be applied,
31 a shareholder, partner, or member of the pass through entity may
32 claim a credit under this chapter equal to:

33 (1) the credit determined for the pass through entity under
34 this chapter for the taxable year; multiplied by

35 (2) the percentage of the pass through entity's distributive
36 income to which the shareholder, partner, or member is
37 entitled.

38 Sec. 17. If the amount of the tax credit exceeds the taxpayer's
39 state tax liability, the taxpayer is entitled to a refundable credit,
40 and the excess shall be refunded to the taxpayer.

41 Sec. 18. The total amount of tax credits that may be awarded
42 under this chapter for a state fiscal year may not exceed five



1 million dollars (\$5,000,000). However, if the total amount of tax
 2 credits exceeds the amount of available credits permitted by this
 3 section, the credits shall be apportioned among taxpayers that
 4 claim a credit before the taxpayer's due date for filing a return for
 5 the taxable year.

6 **Sec. 19. (a) To receive the credit provided by this chapter, a**
 7 **taxpayer must claim the credit on the taxpayer's annual state tax**
 8 **return in the manner prescribed by the department. The taxpayer**
 9 **shall submit to the department all information that the department**
 10 **determines is necessary for the calculation of the credit.**

11 **(b) The department may consult with the Indiana department**
 12 **of health to validate that any blended biodiesel or renewable diesel**
 13 **for which a taxpayer claims a credit under this chapter contains a**
 14 **sufficient percentage of biodiesel or renewable diesel fuel.**

15 **Sec. 20. The department shall adopt rules under IC 4-22-2 to**
 16 **implement this chapter.**

17 **Sec. 21. This chapter expires January 1, 2031.**

18 SECTION 3. IC 6-6-2.5-1.5, AS ADDED BY P.L.122-2006,
 19 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2024]: Sec. 1.5. (a) As used in this chapter, "biodiesel" means
 21 a renewable, biodegradable, mono alkyl ester combustible liquid fuel
 22 derived from agricultural plant oils or animal fats that meets **the most**
 23 **recent** American Society for Testing and Materials specifications
 24 ~~D6751-03a~~ **D6751** Standard Specification for Biodiesel Fuel (B100)
 25 Blend Stock for Distillate Fuels, as well as other fuels of the same
 26 derivation capable of use in the generation of power for the propulsion
 27 of a motor vehicle, airplane, or motorboat.

28 (b) As used in this chapter, "blended biodiesel" means a blend of
 29 biodiesel with petroleum diesel fuel so that the volume percentage of
 30 biodiesel in the blend is at least two percent (2%). A biodiesel blend
 31 may be described as "Bxx" where "xx" represents the volume
 32 percentage of biodiesel fuel. "B2" is the type of biodiesel blend with
 33 the least volume percentage of biodiesel fuel, and "B99" is the type of
 34 biodiesel fuel with the most volume percentage of biodiesel fuel. The
 35 term does not include biodiesel (B100).

36 (c) **As used in this chapter, "B99" means a blend of ninety-nine**
 37 **percent (99%) biodiesel fuel that meets the most recent version of**
 38 **the American Society for Testing and Materials International**
 39 **D6751 Standard Specification for Biodiesel Fuel Blend Stock with**
 40 **a minimum of one-tenth of one percent (0.1%) and maximum of**
 41 **one percent (1%) diesel fuel that meets the most recent version of**
 42 **the American Society for Testing and Materials International D975**



1 **or D7467 Standard Specification for Diesel Fuel.**

