

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6746**  
**BILL NUMBER: SB 254**

**NOTE PREPARED:** Feb 4, 2025  
**BILL AMENDED:** Feb 4, 2025

**SUBJECT:** Biofuel Tax Credits.

**FIRST AUTHOR:** Sen. Buchanan  
**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill 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.

The bill specifies the amount of the tax credit for higher ethanol blend. It limits the total amount of higher ethanol blend tax credits that may be awarded in a state fiscal year to \$10,000. The bill specifies the amount of the tax credit for blended biodiesel or renewable diesel. The bill also limits the total amount of blended biodiesel or renewable diesel tax credits that may be awarded in a state fiscal year to \$10,000.

**Effective Date:** July 1, 2025.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise forms, update instructions, and modify the existing tax processing system to implement this bill. The DOR's current level of funding and resources should be sufficient to administer these tax credits.

**Explanation of State Revenues:** (Revised) *Higher Ethanol Blend Tax Credit:* The bill establishes a nonrefundable Adjusted Gross Income (AGI) Tax credit for taxpayers that own fueling stations that sell higher ethanol blend for motor vehicles. The credit would reduce state General Fund revenues by \$10,000 annually in FY 2027 and FY 2028. The credit is effective beginning tax year 2026, and the amount of the credit is equal to five cents per gallon of higher ethanol blend sold by the taxpayer. The credit expires December 31, 2027.

(Revised) *Biodiesel Tax Credit:* The bill establishes a nonrefundable AGI Tax credit for biodiesel and renewable diesel retail dealers, distributors, and blenders in Indiana. The biodiesel tax credit would result in an estimated revenue loss of \$10,000 in FY 2027 and FY 2028. The credit is effective beginning tax year 2026 and expires December 31, 2027.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** U.S. Department of Energy. Alternative Fuels Data Center. Alternative Fueling Station Counts by State. <https://afdc.energy.gov/stations/states>

U.S. Department of Energy. Alternative Fuels Data Center. U.S. Biodiesel Production, Exports, and Consumption (Million Gallons). <https://afdc.energy.gov/data/10325>

U.S. Energy Information Administration. (2023, February 2). Domestic renewable diesel capacity could more than double through 2025. <https://www.eia.gov/todayinenergy/detail.php?id=55399>

**Fiscal Analyst:** Camille Tesch, 317-232-5293.