

HOUSE BILL No. 1042

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-6; IC 9-13-2-49.4; IC 9-29-18.

Synopsis: Fuel taxes and vehicle fees. 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.) 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 for an initial credit determination to aid in cash flow for a retailer. Requires a reconciliation by the retailer each time a delivery of special fuel is made. Provides for a refund to vehicle owners for taxes paid on motor fuel used in vehicles exempt from the surcharge tax. 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: July 1, 2016.

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January 5, 2016, read first time and referred to Committee on Roads and Transportation.



Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1042

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 6-6-2.5-1.7 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 1.7. As used in this chapter, "biodiesel manufacturing
4 plant" means a facility that is located in Indiana and is used for the
5 production of biodiesel.**
6 SECTION 2. IC 6-6-2.5-20 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. As used in this
8 chapter, "received" means the removal from any refinery or terminal in
9 Indiana, **including a biodiesel manufacturing plant**, or the entry into
10 Indiana of any special fuel for consumption, use, sale, or warehousing,
11 except for transfers in bulk into or within a terminal in Indiana between
12 registered suppliers. The tax imposed under section 28 of this chapter
13 with respect to special fuel removed from terminals within Indiana and
14 with respect to special fuel which is the subject of a tax precollection
15 agreement pursuant to section 35(j) of this chapter, shall be imposed at
16 the same time and in the same manner as the tax imposed by Sections
17 4081 to 4083 of the Internal Revenue Code. The definitions of the



1 terms "removal", "entry", and "transfers in bulk" shall have the same
2 meanings described in the Internal Revenue Code or Code of Federal
3 Regulations.

4 SECTION 3. IC 6-6-2.5-20.5 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS
6 [EFFECTIVE JULY 1, 2016]: **Sec. 20.5. As used in this chapter,**
7 **"refinery" has the meaning set forth in 26 CFR 48.4081-1. The**
8 **term also includes a biodiesel manufacturing plant.**

9 SECTION 4. IC 6-6-2.5-23 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 23. As used in this
11 chapter, "supplier" means a person that imports or acquires
12 immediately upon import into Indiana special fuel by pipeline or
13 marine vessel from within a state, territory, or possession of the United
14 States into a terminal or that imports special fuel into Indiana from a
15 foreign country, or that produces, manufactures, or refines special fuel
16 within Indiana, **including a person that produces biodiesel or both**
17 **biodiesel and blended biodiesel at a biodiesel manufacturing plant,**
18 or that owns special fuel in the pipeline and terminal distribution
19 system in Indiana, and is subject to the general taxing or police
20 jurisdiction of Indiana, and in any case is also registered under Section
21 4101 of the Internal Revenue Code for transactions in taxable motor
22 fuels in the bulk distribution system. A terminal operator shall not be
23 considered a supplier merely because the terminal operator handles
24 special fuel consigned to it within a terminal.

25 SECTION 5. IC 6-6-2.5-57.5 IS ADDED TO THE INDIANA
26 CODE AS A NEW SECTION TO READ AS FOLLOWS
27 [EFFECTIVE JULY 1, 2016]: **Sec. 57.5. (a) Each person operating**
28 **a biodiesel manufacturing plant in Indiana shall file monthly**
29 **reports of operations within Indiana on forms prescribed by the**
30 **department. The department may require the reporting of any**
31 **information the department considers reasonably necessary.**

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

35 SECTION 6. IC 6-6-4.1-4.5, AS AMENDED BY P.L.277-2013,
36 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2016]: Sec. 4.5. (a) A surcharge tax is imposed on the
38 consumption of motor fuel by a carrier in its operations on highways in
39 Indiana. The rate of this surcharge tax is eleven cents (\$0.11) per:

- 40 (1) gallon of gasoline or special fuel (other than natural gas or an
41 alternative fuel commonly or commercially known or sold as
42 butane or propane);



1 (2) diesel gallon equivalent of a special fuel that is liquid natural
2 gas; or

3 (3) gasoline gallon equivalent of a special fuel that is compressed
4 natural gas or an alternative fuel commonly or commercially
5 known or sold as butane or propane.

6 **The surcharge tax shall be collected and remitted in the manner**
7 **specified for the special fuel tax in IC 6-6-2.5-28 and IC 6-6-2.5-35.**
8 **The exemptions set forth in IC 6-6-2.5-30 apply to the tax imposed**
9 **by this section. The credit or reconciliation amount as determined**
10 **under section 4.9 of this chapter shall be applied to the amount that**
11 **is required to be remitted to the supplier. Any tax not paid in the**
12 **manner specified for the special fuel tax in IC 6-6-2.5 shall be paid**
13 **quarterly by the carrier to the department on or before the last day of**
14 **the month immediately following the quarter.**

15 (b) The amount of motor fuel consumed by a carrier in its operations
16 on highways in Indiana is the total amount of motor fuel consumed in
17 its entire operations within and without Indiana, multiplied by a
18 fraction. The numerator of the fraction is the total number of miles
19 traveled on highways in Indiana, and the denominator of the fraction is
20 the total number of miles traveled within and without Indiana.

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

27 (d) Subject to section 4.8 of this chapter, a carrier is entitled to a
28 proportional use credit against the tax imposed under this section for
29 that portion of motor fuel used to propel equipment mounted on a
30 motor vehicle having a common reservoir for locomotion on the
31 highway and the operation of this equipment as determined by rule of
32 the commissioner. An application for a proportional use credit under
33 this subsection shall be filed on a quarterly basis on a form prescribed
34 by the department.

35 SECTION 7. IC 6-6-4.1-4.9 IS ADDED TO THE INDIANA CODE
36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
37 1, 2016]: **Sec. 4.9. (a) An operator of a special fuel retail outlet that**
38 **supplies special fuel:**

- 39 (1) to vehicles described in section 2(b) of this chapter; and
40 (2) from a pump that is not designated for trucks only under
41 IC 6-2.5-7-2.5;

42 **is entitled to an initial surcharge tax credit amount.**



1 (b) The initial credit amount is to be determined using the
 2 average number of gallons of special fuel sold by the operator
 3 from:

- 4 (1) pumps that are not designated for trucks only under
- 5 IC 6-2.5-7-2.5; and
- 6 (2) each delivery during the most recent twelve (12) months
- 7 before the determination.

8 The operator may apply the initial credit amount to the amount the
 9 operator is required to remit for the first time in the manner
 10 specified for the special fuel tax in IC 6-6-2.5 under section 4.5 of
 11 this chapter.

12 (c) For each remittance after the first time a remittance is made
 13 under section 4.5 of this chapter in the manner specified for the
 14 special fuel tax in IC 6-6-2.5, an operator shall:

- 15 (1) determine a reconciliation amount using the actual
- 16 number of gallons of special fuel sold from pumps that are not
- 17 designated for trucks only under IC 6-2.5-7-2.5 since the last
- 18 remittance; and
- 19 (2) apply the amount determined under subdivision (1) to the
- 20 amount the operator is required to remit.

21 (d) To apply the initial surcharge tax credit amount, an operator
 22 must file the information supporting the initial credit amount that
 23 is required by the department.

24 SECTION 8. IC 6-6-14-4, AS ADDED BY P.L.212-2014,
 25 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2016]: Sec. 4. (a) The owner of one (1) of the following motor
 27 vehicles that is registered in Indiana and that is propelled by alternative
 28 fuel shall obtain an alternative fuel decal for the motor vehicle and pay
 29 an annual fee in accordance with the following schedule:

30 SCHEDULE

31 Motor Vehicle	31 Annual Fee
32 A passenger motor vehicle, truck, or bus, 33 the declared gross weight of which is 34 equal to or less than 9,000 pounds.	34 \$100 \$200
35 A recreational vehicle.	35 \$100 \$200
36 A truck or bus, the declared gross 37 weight of which is greater than 9,000 pounds 38 but equal to or less than 11,000 pounds.	38 \$175 \$350
39 An alternative fuel delivery truck powered 40 by alternative fuel, which is a truck the 41 declared gross weight of which is greater 42 than 11,000 pounds.	42 \$250 \$500



1 A truck or bus, the declared gross weight
 2 of which is greater than 11,000 pounds,
 3 except an alternative fuel delivery truck. ~~\$300~~ **\$600**
 4 A tractor, designed to be used with a
 5 semitrailer. ~~\$500~~ **\$1,000**

6 Only one (1) fee is required to be paid per motor vehicle per year.

7 (b) The annual fee may be prorated on a quarterly basis if:

8 (1) application is made after June 30 of a year; and

9 (2) the motor vehicle is newly:

10 (A) converted to alternative fuel;

11 (B) purchased; or

12 (C) registered in Indiana.

13 SECTION 9. IC 6-6-14-5, AS ADDED BY P.L.212-2014,
 14 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2016]: Sec. 5. (a) The owner of a motor vehicle that is
 16 propelled by alternative fuel and is:

17 (1) registered outside Indiana; and

18 (2) operated on a public highway in Indiana;

19 shall obtain a temporary trip permit. An alternative fuel temporary trip
 20 permit may be purchased from a licensed propane dealer who sells
 21 alternative fuels.

22 (b) A temporary trip permit is valid for seventy-two (72) hours from
 23 the time of purchase. The fee for each permit is ~~five eleven dollars and~~
 24 ~~fifty cents (\$5.50):~~ **(\$11)**. The fee for an alternative temporary trip
 25 permit must be collected from the purchaser by the licensed propane
 26 dealer and paid monthly to the administrator on forms prescribed by the
 27 department.

28 SECTION 10. IC 9-13-2-49.4 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2016]: **Sec. 49.4. "Electric powered motor**
 31 **vehicle", for purposes of IC 9-29-18, has the meaning set forth in**
 32 **IC 9-29-18-2.**

33 SECTION 11. IC 9-29-18 IS ADDED TO THE INDIANA CODE
 34 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2016]:

36 **Chapter 18. Road Impact Fee**

37 **Sec. 1. This chapter applies to annual motor vehicle**
 38 **registrations occurring after December 31, 2016.**

39 **Sec. 2. As used in this chapter, "electric powered motor vehicle"**
 40 **refers to any motor vehicle designed to be operated for at least**
 41 **thirty-five (35) miles without requiring the assistance of an internal**
 42 **combustion engine. The term includes any motor vehicle commonly**



1 referred to as a "plug in" or "plug in hybrid" vehicle.

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

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

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

10 **(1)** the amount of the fee prescribed for the motor vehicle
11 under subsection (b); multiplied by

12 **(2)** a percentage equal to the percentage of the owner's
13 registration fee for the motor vehicle that is apportioned to
14 Indiana under the International Registration Plan.

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

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

20 **(2)** the terms of the International Registration Plan for a
21 motor vehicle that is base-registered in Indiana under the
22 terms of the International Registration Plan.

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

27 **Sec. 6.** The bureau may accept a voucher from the department
28 of state revenue showing payment of the road impact fee imposed
29 under section 4(2) of this chapter in lieu of a payment under section
30 4(1) of this chapter.

31 **Sec. 7.** The annual fee imposed under section 3 of this chapter
32 must be reduced proportionately on a monthly basis if:

33 **(1)** the electric powered motor vehicle is registered in a
34 calendar month following the month in which:

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

36 **(B)** the owner is required to register motor vehicles under
37 the International Registration Plan; and

38 **(2)** the motor vehicle is newly:

39 **(A)** converted to electric power;

40 **(B)** purchased; or

41 **(C)** registered in Indiana.

42 **Sec. 8. (a)** A person is entitled to a refund of a fee paid under



1 section 4 of this chapter if the electric powered motor vehicle is
2 sold or destroyed before the person's registration year elapses.

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

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

5 (2) a fraction. The numerator of the fraction is the number of
6 full calendar months occurring after the date of the sale or
7 destruction of the electric powered motor vehicle and before
8 the date on which the person would have been required to
9 reregister the electric powered motor vehicle. The
10 denominator of the fraction is twelve (12).

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

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

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

18 SECTION 12. [EFFECTIVE JULY 1, 2016] (a) IC 6-6-14-4, as
19 amended by this act, applies to decals issued after June 30, 2016.

20 (b) An alternative fuel decal that is effective from April 1, 2016,
21 through March 31, 2017, remains valid through March 31, 2017,
22 without the payment of an additional fee.

23 (c) This SECTION expires June 30, 2017.

