

# HOUSE BILL No. 1106

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-6-2.5.

**Synopsis:** Fuel taxes on compressed natural gas. Provides a quarterly refund of the special fuel tax paid on the difference between the amount of special fuel purchased by a compressed natural gas product fuel station and the amount of compressed natural gas product produced and sold by the compressed natural gas product fuel station. Permits a retroactive refund claim to be made for special fuel taxes paid from July 1, 2018, through June 30, 2019. Makes corresponding changes to other refund provisions and the special fuel tax collection allowance.

**Effective:** July 1, 2019.

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January 7, 2019, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

# HOUSE BILL No. 1106

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 6-6-2.5-6.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2019]: **Sec. 6.5. As used in this chapter, "compressed natural gas  
4 product fuel station" means a fuel station that purchases special  
5 fuel, converts it into compressed natural gas product, and sells the  
6 compressed natural gas product from a metered pump at the same  
7 location.**

8 SECTION 2. IC 6-6-2.5-30, AS AMENDED BY P.L.218-2017,  
9 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2019]: Sec. 30. (a) The following are exempt from the special  
11 fuel tax:

12 (1) Special fuel sold by a supplier to a licensed exporter for export  
13 from Indiana to another state or country to which the exporter is  
14 specifically licensed to export exports by a supplier, or exports for  
15 which the destination state special fuel tax has been paid to the  
16 supplier and proof of export is available in the form of a  
17 destination state bill of lading.



- 1 (2) Special fuel sold to the United States or an agency or  
 2 instrumentality thereof.
- 3 (3) Special fuel sold to a post exchange or other concessionaire on  
 4 a federal reservation within Indiana. However, the post exchange  
 5 or concessionaire shall collect, report, and pay quarterly to the  
 6 department any tax permitted by federal law on special fuel sold.
- 7 (4) Special fuel sold to a public transportation corporation  
 8 established under IC 36-9-4 and used for the transportation of  
 9 persons for compensation within the territory of the corporation.
- 10 (5) Special fuel sold to a public transit department of a  
 11 municipality and used for the transportation of persons for  
 12 compensation within a service area, no part of which is more than  
 13 five (5) miles outside the corporate limits of the municipality.
- 14 (6) Special fuel sold to a common carrier of passengers, including  
 15 a business operating a taxicab (as defined in IC 6-6-1.1-103(l))  
 16 and used by the carrier to transport passengers within a service  
 17 area that is not larger than one (1) county, and counties  
 18 contiguous to that county.
- 19 (7) The portion of special fuel determined by the commissioner to  
 20 have been used to operate equipment attached to a motor vehicle,  
 21 if the special fuel was placed into the fuel supply tank of a motor  
 22 vehicle that has a common fuel reservoir for travel on a highway  
 23 and for the operation of equipment.
- 24 (8) Special fuel used for nonhighway purposes, used as heating  
 25 oil, or in trains.
- 26 (9) Special fuel sold by a supplier to an unlicensed person for  
 27 export from Indiana to another state and the special fuel has been  
 28 dye additized in accordance with section 31 of this chapter.
- 29 (10) Sales of transmix between licensed suppliers.
- 30 (11) Special fuel sold or removed via truck or rail from a terminal  
 31 or refinery, if the destination is an Indiana terminal or refinery.
- 32 (12) Special fuel received at an Indiana terminal or refinery, if the  
 33 tax on the special fuel has previously been paid. If this  
 34 subdivision applies, the receiving supplier is entitled to a credit  
 35 on the receiving supplier's Indiana Special Fuel Supplier's Tax  
 36 Return for the tax paid to the receiving supplier's vendor or  
 37 directly to the state.
- 38 **(13) The difference between the amount of special fuel**  
 39 **purchased by a compressed natural gas product fuel station**  
 40 **and the amount of compressed natural gas product produced**  
 41 **and sold by the compressed natural gas product fuel station.**
- 42 (b) The exemption from tax provided under subsection (a)(4)



1 through (a)(7) shall be applied for through the refund procedures  
 2 established in section 32 of this chapter. **The exemption from tax**  
 3 **provided under subsection (a)(13) shall be applied for through the**  
 4 **refund procedures established in section 32.7 of this chapter.**

5 (c) The department shall provide information to licensed suppliers  
 6 of the destination state or states to which exporters are authorized to  
 7 export.

8 (d) Subject to gallonage limits and other conditions established by  
 9 the department, the department shall provide for refund of the tax  
 10 imposed by this chapter to a wholesale distributor exporting undyed  
 11 special fuel out of a bulk plant in this state in a vehicle capable of  
 12 carrying not more than five thousand four hundred (5,400) gallons if  
 13 the destination of that vehicle does not exceed twenty-five (25) miles  
 14 from the border of Indiana.

15 SECTION 3. IC 6-6-2.5-32 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 32. (a) Special fuel tax  
 17 that has been collected by a supplier on special fuel used for an exempt  
 18 purpose, including section 30(a)(4) through 30(a)(7) of this chapter and  
 19 pretaxed exempt fuel under section 30(a)(8) of this chapter, but which  
 20 was not dyed or marked, or both, in accordance with section 31 of this  
 21 chapter, shall be refunded by the department to the user or the user's  
 22 assignee under rules adopted by the department, in accordance with  
 23 subsection (c), upon presentation of proof of exempt use by the end  
 24 user in the form that the department prescribes. **A person that claims**  
 25 **a refund under section 32.7 of this chapter for special fuel tax**  
 26 **collected on compressed natural gas product may not claim a**  
 27 **refund under this subsection for the same special fuel tax.**

28 (b) Special fuel tax that has been collected by a supplier on special  
 29 fuel that was removed from a terminal or refinery for delivery in  
 30 Indiana, and was exported by a licensed exporter shall be refunded by  
 31 the department to the licensed exporter in accordance with subsection  
 32 (c), upon presentation of proof of export in the form that the  
 33 department prescribes.

34 (c) Special fuel tax that has been erroneously paid by a person shall  
 35 be refunded by the department in accordance with subsection (d).

36 (d) To claim a refund under ~~subsection~~ **subsections** (a) through (c),  
 37 a person must present to the department a statement that contains a  
 38 written verification that the claim is made under penalties of perjury  
 39 and lists the total amount of special fuel purchased and used for  
 40 non-highway purposes. The claim must be filed not more than three (3)  
 41 years after the date the special fuel was purchased. The statement must  
 42 show that payment for the purchase has been made and the amount of



1 tax paid on the purchase has been remitted.

2 (e) The department may make any investigations it considers  
3 necessary before refunding the special fuel tax to a person.

4 SECTION 4. IC 6-6-2.5-32.7 IS ADDED TO THE INDIANA  
5 CODE AS A NEW SECTION TO READ AS FOLLOWS  
6 [EFFECTIVE JULY 1, 2019]: **Sec. 32.7. (a) A person is entitled to a  
7 quarterly refund of the special fuel tax paid under this chapter on  
8 the difference between the amount of special fuel purchased by a  
9 compressed natural gas product fuel station and the amount of  
10 compressed natural gas product produced and sold by the  
11 compressed natural gas product fuel station. The refund amount  
12 is in addition to the collection allowance the person may receive  
13 under section 37 of this chapter. A person that claims a refund  
14 under section 32 of this chapter for special fuel tax may not claim  
15 a refund under this section for the same special fuel tax.**

16 (b) To qualify for a quarterly refund under this section, a  
17 person shall submit to the department a statement that contains a  
18 written verification that the claim is made under penalties of  
19 perjury and lists the total amount of natural gas purchased and the  
20 total amount of compressed natural gas for which the person  
21 claims a refund. The claim must be filed not later than the end of  
22 the third month following the end of the calendar quarter the  
23 compressed natural gas qualified for a special fuel tax refund  
24 under subsection (a). No interest may be paid on a refund made  
25 under this section.

26 (c) A refund claim must be in the form prescribed by the  
27 department and include any information reasonably requested by  
28 the department.

29 (d) The department may make any investigations it considers  
30 necessary before refunding the tax to a person.

31 SECTION 5. IC 6-6-2.5-37 IS AMENDED TO READ AS  
32 FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 37. (a) Every supplier  
33 and permissive supplier who properly remits tax under this chapter  
34 shall be allowed to retain one and six-tenths percent (1.6%) of the tax  
35 to cover the costs of collecting, reporting, and timely remitting the tax  
36 imposed by this chapter.**

37 (b) The amount that the supplier is permitted to retain under  
38 subsection (a) shall be distributed by the supplier as follows:

39 (1) One-third (1/3) retained by the supplier.

40 (2) Two-thirds (2/3) to the wholesale distributor. If the special  
41 fuel is resold by that wholesale distributor or another wholesale  
42 distributor to an eligible purchaser, the last wholesale distributor



1 in the distribution process shall pass on one-half (1/2) of the  
2 two-thirds (2/3) to the eligible purchaser.

3 (3) If an eligible purchaser is the direct purchaser from a supplier,  
4 and that retail dealer or bulk end user is responsible for shipping  
5 the product, then the supplier shall pass through two-thirds (2/3)  
6 to the retail dealer or bulk end user. If the supplier is responsible  
7 for shipping the product, the supplier shall retain two-thirds (2/3)  
8 and pass through one-third (1/3) to the eligible purchaser.

9 **The amount a person receives under this subsection is in addition**  
10 **to the amount of the person's refund claim under section 32.7 of**  
11 **this chapter.**

12 (c) If a monthly report is filed or the amount due is remitted later  
13 than the time required by this chapter, the supplier shall pay to the  
14 department all of the special fuel tax the dealer collected from the sale  
15 of special fuel during the reporting period.

16 SECTION 6. [EFFECTIVE JULY 1, 2019] (a) **Notwithstanding**  
17 **the effective date of July 1, 2019, for IC 6-6-2.5-32.7, as added by**  
18 **this act, a person that would have qualified for a refund of special**  
19 **fuel taxes under IC 6-6-2.5-32.7, as added by this act, is entitled to**  
20 **a refund for the period beginning July 1, 2018, through June 30,**  
21 **2019. The person must file a refund claim for that period in a single**  
22 **claim.**

23 (b) **A claim for a refund under this SECTION must be filed**  
24 **before September 30, 2019. A refund claim must be in the form**  
25 **prescribed by the department and include any information**  
26 **reasonably requested by the department.**

27 (c) **The department may make any investigations it considers**  
28 **necessary before making a refund to a person.**

29 (d) **This SECTION expires June 30, 2020.**

