

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 435
99TH GENERAL ASSEMBLY

Reported from the Committee on Transportation, Infrastructure and Public Safety, March 30, 2017, with recommendation that the Senate Committee Substitute do pass.

1964S.02C

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal sections 142.800, 142.803, and 142.869, RSMo, and to enact in lieu thereof three new sections relating to motor fuel taxes.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 142.800, 142.803, and 142.869, RSMo, are repealed
2 and three new sections enacted in lieu thereof, to be known as sections 142.800,
3 142.803, and 142.869, to read as follows:

142.800. As used in this chapter, the following words, terms and phrases
2 have the meanings given:

3 (1) "Agricultural purposes", clearing, terracing or otherwise preparing the
4 ground on a farm; preparing soil for planting and fertilizing, cultivating, raising
5 and harvesting crops; raising and feeding livestock and poultry; building fences;
6 pumping water for any and all uses on the farm, including irrigation; building
7 roads upon any farm by the owner or person farming the same; operating milking
8 machines; sawing wood for use on a farm; producing electricity for use on a farm;
9 movement of tractors, farm implements and nonlicensed equipment from one field
10 to another;

11 (2) "Alternative fuel", electricity, liquefied petroleum gas (LPG or LP gas),
12 compressed natural gas product, or a combination of liquefied petroleum gas and
13 a compressed natural gas or electricity product used in an internal combustion
14 engine or motor to propel any form of vehicle, machine, or mechanical
15 contrivance. It includes all forms of fuel commonly or commercially known or sold
16 as butane, propane, or compressed natural gas;

17 (3) "Aviation fuel", any motor fuel specifically compounded for use in

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 reciprocating aircraft engines;

19 (4) "Blend stock", any petroleum product component of motor fuel, such
20 as naphtha, reformat, toluene or kerosene, that can be blended for use in a motor
21 fuel without further processing. The term includes those petroleum products
22 presently defined by the Internal Revenue Service in regulations pursuant to 26
23 U.S.C., Sections 4081 and 4082, as amended. However, the term does not include
24 any substance that:

25 (a) Will be ultimately used for consumer nonmotor fuel use; and

26 (b) Is sold or removed in drum quantities (fifty-five gallons) or less at the
27 time of the removal or sale;

28 (5) "Blended fuel", a mixture composed of motor fuel and another liquid
29 including blend stock, other than a de minimis amount of a product such as
30 carburetor detergent or oxidation inhibitor, that can be used as a fuel in a
31 highway vehicle. This term includes but is not limited to gasohol, ethanol,
32 methanol, fuel grade alcohol, diesel fuel enhancers and resulting blends;

33 (6) "Blender", any person that produces blended motor fuel outside the
34 bulk transfer/terminal system;

35 (7) "Blending", the mixing of one or more petroleum products, with or
36 without another product, regardless of the original character of the product
37 blended, if the product obtained by the blending is capable of use or otherwise
38 sold for use in the generation of power for the propulsion of a motor vehicle, an
39 airplane, or a motorboat. The term does not include the blending that occurs in
40 the process of refining by the original refiner of crude petroleum or the blending
41 of products known as lubricating oil and greases;

42 (8) "Bulk plant", a bulk motor fuel storage and distribution facility that
43 is not a terminal within the bulk transfer system and from which motor fuel may
44 be removed by truck;

45 (9) "Bulk transfer", any transfer of motor fuel from one location to another
46 by pipeline tender or marine delivery within the bulk transfer/terminal system;

47 (10) "Bulk transfer/terminal system", the motor fuel distribution system
48 consisting of refineries, pipelines, vessels, and terminals. Motor fuel in a
49 refinery, pipeline, boat, barge or terminal is in the bulk transfer/terminal
50 system. Motor fuel in the fuel supply tank of any engine, or in any tank car, rail
51 car, trailer, truck, or other equipment suitable for ground transportation is not
52 in the bulk transfer/terminal system;

53 (11) "Consumer", the user of the motor fuel;

54 (12) "Delivery", the placing of motor fuel or any liquid **or propulsion**
55 **energy** into the **battery, fuel tank, or storage device** of a motor vehicle or
56 bulk storage facility;

57 (13) "Department", the department of revenue;

58 (14) "Destination state", the state, territory, or foreign country to which
59 motor fuel is directed for delivery into a storage facility, a receptacle, a container,
60 or a type of transportation equipment for the purpose of resale or use;

61 (15) "Diesel fuel", any liquid that is commonly or commercially known or
62 sold as a fuel that is suitable for use in a diesel-powered highway vehicle. A
63 liquid meets this requirement if, without further processing or blending, the
64 liquid has practical and commercial fitness for use in the propulsion engine of a
65 diesel-powered highway vehicle. "Diesel fuel" does not include jet fuel sold to a
66 buyer who is registered with the Internal Revenue Service to purchase jet fuel
67 and remit taxes on its sale or use to the Internal Revenue Service. "Diesel fuel"
68 does not include biodiesel commonly referred to as B100 and defined in ASTM
69 D6751, B99, or B99.9 until such biodiesel is blended with other diesel fuel or sold
70 for highway use;

71 (16) "Diesel-powered highway vehicle", a motor vehicle operated on a
72 highway that is propelled by a diesel-powered engine;

73 (17) "Director", the director of revenue;

74 (18) "Distributor", a person who either produces, refines, blends,
75 compounds or manufactures motor fuel, imports motor fuel into a state or exports
76 motor fuel out of a state, or who is engaged in distribution of motor fuel;

77 (19) "Dyed fuel", diesel fuel or kerosene that is required to be dyed
78 pursuant to United States Environmental Protection Agency rules or is dyed
79 pursuant to Internal Revenue Service rules or pursuant to any other
80 requirements subsequently set by the United States Environmental Protection
81 Agency or Internal Revenue Service including any invisible marker requirements;

82 (20) "Eligible purchaser", a distributor who has been authorized by the
83 director to purchase motor fuel on a tax-deferred basis;

84 (21) "Export", to obtain motor fuel in this state for sale or other
85 distribution outside of this state. In applying this definition, motor fuel delivered
86 out of state by or for the seller constitutes an export by the seller, and motor fuel
87 delivered out of state by or for the purchaser constitutes an export by the
88 purchaser;

89 (22) "Exporter", any person, other than a supplier, who purchases motor

90 fuel in this state for the purpose of transporting or delivering the fuel outside of
91 this state;

92 (23) "Farm tractor", all tractor-type, motorized farm implements and
93 equipment but shall not include motor vehicles of the truck-type, pickup
94 truck-type, automobiles, and other motor vehicles required to be registered and
95 licensed each year pursuant to the provisions of the motor vehicle license and
96 registration laws of this state;

97 (24) "Fuel grade alcohol", a methanol or ethanol with a proof of not less
98 than one hundred ninety degrees (determined without regard to denaturants) and
99 products derived from such alcohol for blending with motor fuel;

100 (25) "Fuel transportation vehicle", any vehicle designed for highway use
101 which is also designed or used to transport motor fuels and includes transport
102 trucks and tank wagons;

103 (26) "Gasoline", all products commonly or commercially known or sold as
104 gasoline that are suitable for use as a motor fuel. Gasoline does not include
105 products that have an American Society for Testing and Materials (ASTM) octane
106 number of less than seventy-five as determined by the motor method;

107 (27) "Gross gallons", the total measured motor fuel, exclusive of any
108 temperature or pressure adjustments, in U.S. gallons;

109 (28) "Heating oil", a motor fuel that is burned in a boiler, furnace, or stove
110 for heating or industrial processing purposes;

111 (29) "Import", to bring motor fuel into this state by any means of
112 conveyance other than in the fuel supply tank of a motor vehicle. In applying
113 this definition, motor fuel delivered into this state from out-of-state by or for the
114 seller constitutes an import by the seller, and motor fuel delivered into this state
115 from out-of-state by or for the purchaser constitutes an import by the purchaser;

116 (30) "Import verification number", the number assigned by the director
117 with respect to a single transport truck delivery into this state from another state
118 upon request for an assigned number by an importer or the transporter carrying
119 motor fuel into this state for the account of an importer;

120 (31) "Importer", includes any person who is the importer of record,
121 pursuant to federal customs law, with respect to motor fuel. If the importer of
122 record is acting as an agent, the person for whom the agent is acting is the
123 importer. If there is no importer of record of motor fuel entered into this state,
124 the owner of the motor fuel at the time it is brought into this state is the
125 importer;

126 (32) "Interstate motor fuel user", any person who operates a motor
127 fuel-powered motor vehicle with a licensed gross weight exceeding twenty-six
128 thousand pounds that travels from this state into another state or from another
129 state into this state;

130 (33) "Invoiced gallons", the gallons actually billed on an invoice for
131 payment to a supplier which shall be either gross or net gallons on the original
132 manifest or bill of lading;

133 (34) "K-1 kerosene", a petroleum product having an A.P.I. gravity of not
134 less than forty degrees, at a temperature of sixty degrees Fahrenheit and a
135 minimum flash point of one hundred degrees Fahrenheit with a sulfur content not
136 exceeding four one-hundredths percent by weight;

137 (35) "Kerosene", the petroleum fraction containing hydrocarbons that are
138 slightly heavier than those found in gasoline and naphtha, with a boiling range
139 of one hundred forty-nine to three hundred degrees Celsius;

140 (36) "Liquid", any substance that is liquid in excess of sixty degrees
141 Fahrenheit and at a pressure of fourteen and seven-tenths pounds per square
142 inch absolute;

143 (37) "Motor fuel", gasoline, diesel fuel, kerosene and blended fuel;

144 (38) "Motor vehicle", any automobile, truck, truck-tractor or any motor bus
145 or self-propelled vehicle not exclusively operated or driven upon fixed rails or
146 tracks. The term does not include:

147 (a) Farm tractors or machinery including tractors and machinery designed
148 for off-road use but capable of movement on roads at low speeds, or

149 (b) A vehicle solely operated on rails;

150 (39) "Net gallons", the motor fuel, measured in U.S. gallons, when
151 corrected to a temperature of sixty degrees Fahrenheit and a pressure of fourteen
152 and seven-tenths pounds per square inch absolute (psi);

153 (40) "Permissive supplier", an out-of-state supplier that elects, but is not
154 required, to have a supplier's license pursuant to this chapter;

155 (41) "Person", natural persons, individuals, partnerships, firms,
156 associations, corporations, estates, trustees, business trusts, syndicates, this
157 state, any county, city, municipality, school district or other political subdivision
158 of the state, federally recognized Indian tribe, or any corporation or combination
159 acting as a unit or any receiver appointed by any state or federal court;

160 (42) "Position holder", the person who holds the inventory position in
161 motor fuel in a terminal, as reflected on the records of the terminal operator. A

162 person holds the inventory position in motor fuel when that person has a contract
163 with the terminal operator for the use of storage facilities and terminating
164 services for motor fuel at the terminal. The term includes a terminal operator
165 who owns motor fuel in the terminal;

166 (43) "Propel", the operation of a motor vehicle, whether it is in motion or
167 at rest;

168 (44) "Public highway", every road, toll road, highway, street, way or place
169 generally open to the use of the public as a matter of right for the purposes of
170 vehicular travel, including streets and alleys of any town or city notwithstanding
171 that the same may be temporarily closed for construction, reconstruction,
172 maintenance or repair;

173 (45) "Qualified terminal", a terminal which has been assigned a terminal
174 control number ("tcn") by the Internal Revenue Service;

175 (46) "Rack", a mechanism for delivering motor fuel from a refinery or
176 terminal into a railroad tank car, a transport truck or other means of bulk
177 transfer outside of the bulk transfer/terminal system;

178 (47) "Refiner", any person that owns, operates, or otherwise controls a
179 refinery;

180 (48) "Refinery", a facility used to produce motor fuel from crude oil,
181 unfinished oils, natural gas liquids, or other hydrocarbons and from which motor
182 fuel may be removed by pipeline, by boat or barge, or at a rack;

183 (49) "Removal", any physical transfer of motor fuel from a terminal,
184 manufacturing plant, customs custody, pipeline, boat or barge, refinery or any
185 facility that stores motor fuel;

186 (50) "Retailer", a person that engages in the business of selling or
187 dispensing to the consumer within this state;

188 (51) "Supplier", a person that is:

189 (a) Registered or required to be registered pursuant to 26 U.S.C., Section
190 4101, for transactions in motor fuels in the bulk transfer/terminal distribution
191 system; and

192 (b) One or more of the following:

193 a. The position holder in a terminal or refinery in this state;

194 b. Imports motor fuel into this state from a foreign country;

195 c. Acquires motor fuel from a terminal or refinery in this state from a
196 position holder pursuant to either a two-party exchange or a qualified buy-sell
197 arrangement which is treated as an exchange and appears on the records of the

198 terminal operator; or

199 d. The position holder in a terminal or refinery outside this state with
200 respect to motor fuel which that person imports into this state. A terminal
201 operator shall not be considered a supplier based solely on the fact that the
202 terminal operator handles motor fuel consigned to it within a
203 terminal. "Supplier" also means a person that produces fuel grade alcohol or
204 alcohol-derivative substances in this state, produces fuel grade alcohol or
205 alcohol-derivative substances for import to this state into a terminal, or acquires
206 upon import by truck, rail car or barge into a terminal, fuel grade alcohol or
207 alcohol-derivative substances. "Supplier" includes a permissive supplier unless
208 specifically provided otherwise;

209 (52) "Tank wagon", a straight truck having multiple compartments
210 designed or used to carry motor fuel;

211 (53) "Terminal", a bulk storage and distribution facility which includes:

212 (a) For the purposes of motor fuel, is a qualified terminal;

213 (b) For the purposes of fuel grade alcohol, is supplied by truck, rail car,
214 boat, barge or pipeline and the products are removed at a rack;

215 (54) "Terminal bulk transfers" include but are not limited to the following:

216 (a) Boat or barge movement of motor fuel from a refinery or terminal to
217 a terminal;

218 (b) Pipeline movements of motor fuel from a refinery or terminal to a
219 terminal;

220 (c) Book transfers of product within a terminal between suppliers prior
221 to completion of removal across the rack; and

222 (d) Two-party exchanges or buy-sell supply arrangements within a
223 terminal between licensed suppliers;

224 (55) "Terminal operator", any person that owns, operates, or otherwise
225 controls a terminal. A terminal operator may own the motor fuel that is
226 transferred through or stored in the terminal;

227 (56) "Transmix", the buffer or interface between two different products in
228 a pipeline shipment, or a mix of two different products within a refinery or
229 terminal that results in an off-grade mixture;

230 (57) "Transport truck", a semitrailer combination rig designed or used to
231 transport motor fuel over the highways;

232 (58) "Transporter", any operator of a pipeline, barge, railroad or transport
233 truck engaged in the business of transporting motor fuels;

234 (59) "Two-party exchange", a transaction in which the motor fuel is
235 transferred from one licensed supplier or licensed permissive supplier to another
236 licensed supplier or licensed permissive supplier and:

237 (a) Which transaction includes a transfer from the person that holds the
238 original inventory position for motor fuel in the terminal as reflected on the
239 records of the terminal operator; and

240 (b) The exchange transaction is simultaneous with removal from the
241 terminal by the receiving exchange partner. However, in any event, the terminal
242 operator in its books and records treats the receiving exchange party as the
243 supplier which removes the product across a terminal rack for purposes of
244 reporting such events to this state;

245 (60) "Ultimate vendor", a person that sells motor fuel to the consumer;

246 (61) "Undyed diesel fuel", diesel fuel that is not subject to the United
247 States Environmental Protection Agency dyeing requirements, or has not been
248 dyed in accordance with Internal Revenue Service fuel dyeing provisions; and

249 (62) "Vehicle fuel tank", any receptacle on a motor vehicle from which fuel
250 is supplied for the propulsion of the motor vehicle.

142.803. 1. A tax is levied and imposed on all motor fuel used or
2 consumed in this state as follows:

3 (1) Motor fuel, seventeen cents per gallon;

4 (2) Alternative fuels, not subject to the decal fees as provided in section
5 142.869, with a power potential equivalent of motor fuel. In the event alternative
6 fuel, which is not commonly sold or measured by the gallon, is used in motor
7 vehicles on the highways of this state, the director is authorized to assess and
8 collect a tax upon such alternative fuel measured by the nearest power potential
9 equivalent to that of one gallon of regular grade gasoline. The determination by
10 the director of the power potential equivalent of such alternative fuel shall be
11 prima facie correct;

12 (3) Aviation fuel used in propelling aircraft with reciprocating engines,
13 nine cents per gallon as levied and imposed by section 155.080 to be collected as
14 required under this chapter;

15 (4) Compressed natural gas fuel, five cents per gasoline gallon equivalent
16 until December 31, 2019, eleven cents per gasoline gallon equivalent from
17 January 1, 2020, until December 31, 2024, and then seventeen cents per gasoline
18 gallon equivalent thereafter. The gasoline gallon equivalent and method of sale
19 for compressed natural gas shall be as published by the National Institute of

20 Standards and Technology in Handbooks 44 and 130, and supplements thereto
21 or revisions thereof. In the absence of such standard or agreement, the gasoline
22 gallon equivalent and method of sale for compressed natural gas shall be equal
23 to five and sixty-six-hundredths pounds of compressed natural gas. All applicable
24 provisions contained in this chapter governing administration, collections, and
25 enforcement of the state motor fuel tax shall apply to the tax imposed on
26 compressed natural gas, including but not limited to licensing, reporting,
27 penalties, and interest;

28 (5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until
29 December 31, 2019, eleven cents per diesel gallon equivalent from January 1,
30 2020, until December 31, 2024, and then seventeen cents per diesel gallon
31 equivalent thereafter. The diesel gallon equivalent and method of sale for
32 liquefied natural gas shall be as published by the National Institute of Standards
33 and Technology in Handbooks 44 and 130, and supplements thereto or revisions
34 thereof.

35 In the absence of such standard or agreement, the diesel gallon equivalent and
36 method of sale for liquefied natural gas shall be equal to six and six-hundredths
37 pounds of liquefied natural gas. All applicable provisions contained in this
38 chapter governing administration, collections, and enforcement of the state motor
39 fuel tax shall apply to the tax imposed on liquefied natural gas, including but not
40 limited to licensing, reporting, penalties, and interest;

41 (6) **Propane gas fuel, five cents per gallon until December 31,**
42 **2019, eleven cents per gallon from January 1, 2020, until December 31,**
43 **2024, and then seventeen cents per gallon thereafter. All applicable**
44 **provisions contained in this chapter governing administration,**
45 **collection, and enforcement of the state motor fuel tax shall apply to**
46 **the tax imposed on propane gas including, but not limited to, licensing,**
47 **reporting, penalties, and interest;**

48 (7) If a natural gas, compressed natural gas, [or] liquefied natural gas,
49 **electric, or propane** connection is used for fueling motor vehicles and for
50 another use, such as heating, the tax imposed by this section shall apply to the
51 entire amount of natural gas, compressed natural gas, [or] liquefied natural gas,
52 **electricity, or propane** used unless an approved separate metering and
53 accounting system is in place.

54 2. All taxes, surcharges and fees are imposed upon the ultimate consumer,
55 but are to be precollected as described in this chapter, for the facility and

56 convenience of the consumer. The levy and assessment on other persons as
57 specified in this chapter shall be as agents of this state for the precollection of the
58 tax.

142.869. 1. The tax imposed by this chapter shall not apply to passenger
2 motor vehicles, buses as defined in section 301.010, or commercial motor vehicles
3 registered in this state which are powered by alternative fuel, and for which a
4 valid decal has been acquired as provided in this section, provided that sales
5 made to alternative fueled vehicles powered by **propane**, compressed natural
6 gas, or liquefied natural gas that do not meet the requirements of subsection 3
7 of this section shall be taxed exclusively pursuant to subdivisions (4) [and (5)] to
8 **(7)** of subsection 1 of section 142.803, respectively. The owners or operators of
9 such motor vehicles shall, in lieu of the tax imposed by section 142.803, pay an
10 annual alternative fuel decal fee as follows: seventy-five dollars on each
11 passenger motor vehicle, school bus as defined in section 301.010, and commercial
12 motor vehicle with a licensed gross vehicle weight of eighteen thousand pounds
13 or less; one hundred dollars on each motor vehicle with a licensed gross weight
14 in excess of eighteen thousand pounds but not more than thirty-six thousand
15 pounds used for farm or farming transportation operations and registered with
16 a license plate designated with the letter "F"; one hundred fifty dollars on each
17 motor vehicle with a licensed gross vehicle weight in excess of eighteen thousand
18 pounds but less than or equal to thirty-six thousand pounds, and each
19 passenger-carrying motor vehicle subject to the registration fee provided in
20 sections 301.059, 301.061 and 301.063; two hundred fifty dollars on each motor
21 vehicle with a licensed gross weight in excess of thirty-six thousand pounds used
22 for farm or farming transportation operations and registered with a license plate
23 designated with the letter "F"; and one thousand dollars on each motor vehicle
24 with a licensed gross vehicle weight in excess of thirty-six thousand
25 pounds. Notwithstanding provisions of this section to the contrary, motor
26 vehicles licensed as historic under section 301.131 which are powered by
27 alternative fuel shall be exempt from both the tax imposed by this chapter and
28 the alternative fuel decal requirements of this section.

29 2. Except interstate fuel users and vehicles licensed under a reciprocity
30 agreement as defined in section 142.617, the tax imposed by section 142.803 shall
31 not apply to motor vehicles registered outside this state which are powered by
32 alternative fuel other than **propane**, compressed natural gas, and liquefied
33 natural gas, and for which a valid temporary alternative fuel decal has been

34 acquired as provided in this section. The owners or operators of such motor
35 vehicles shall, in lieu of the tax imposed by section 142.803, pay a temporary
36 alternative fuel decal fee of eight dollars on each such vehicle. Such decals shall
37 be valid for a period of fifteen days from the date of issuance and shall be
38 attached to the lower right-hand corner of the front windshield on the motor
39 vehicle for which it was issued. Such decal and fee shall not be transferable. All
40 proceeds from such decal fees shall be deposited as specified in section
41 142.345. Alternative fuel dealers selling such decals in accordance with rules and
42 regulations prescribed by the director shall be allowed to retain fifty cents for
43 each decal fee timely remitted to the director.

44 3. Owners or operators of passenger motor vehicles, buses as defined in
45 section 301.010, or commercial motor vehicles registered in this state which are
46 powered by compressed natural gas or liquefied natural gas who have installed
47 a compressed natural gas fueling station or liquefied natural gas fueling station
48 used solely to fuel the motor vehicles they own or operate as of December 31,
49 2015, may continue to apply for and use the alternative fuel decal in lieu of
50 paying the tax imposed under subdivisions (4) and (5) of subsection 1 of section
51 142.803. Owners or operators of compressed natural gas fueling stations or
52 liquefied natural gas fueling stations whose vehicles bear an alternative fuel
53 decal shall be prohibited from selling or providing compressed natural gas or
54 liquefied natural gas to any motor vehicle they do not own or operate. Owners
55 or operators of motor vehicles powered by compressed natural gas or liquefied
56 natural gas bearing an alternative fuel decal after January 1, 2016, that decline
57 to renew the alternative fuel decals for such motor vehicles shall no longer be
58 eligible to apply for and use alternative fuel decals under this subsection. Any
59 compressed natural gas or liquefied natural gas obtained at any fueling station
60 not owned by the owner or operator of the motor vehicle bearing an alternative
61 fuel decal shall be subject to the tax under subdivisions (4) and (5) of subsection
62 1 of section 142.803.

63 4. **An owner or operator of a motor vehicle powered by propane**
64 **may continue to apply for and use the alternative fuel decal in lieu of**
65 **paying the tax imposed under subdivision (6) of subsection 1 of section**
66 **142.803. If the appropriate motor fuel tax under subdivision (6) of**
67 **subsection 1 of section 142.803 is collected at the time of fueling, an**
68 **operator of a propane fueling station that uses quick-connect fueling**
69 **nozzles may sell propane as a motor fuel without verifying the**

70 **application of a valid Missouri alternative fuel decal. If an owner or**
71 **operator of a motor vehicle powered by propane that bears an**
72 **alternative fuel decal refuels at an unattended propane refueling**
73 **station, such owner or operator shall not be eligible for a refund of the**
74 **motor fuel tax paid at such refueling.**

75 **5.** The director shall annually, on or before January thirty-first of each
76 year, collect or cause to be collected from owners or operators of the motor
77 vehicles specified in subsection 1 of this section the annual decal
78 fee. Applications for such decals shall be supplied by the department of revenue.
79 In the case of a motor vehicle which is not in operation by January thirty-first of
80 any year, a decal may be purchased for a fractional period of such year, and the
81 amount of the decal fee shall be reduced by one-twelfth for each complete month
82 which shall have elapsed since the beginning of such year. **This subsection**
83 **shall not apply to an owner or operator of a motor vehicle powered by**
84 **propane who fuels such vehicle exclusively at unattended fueling**
85 **stations that collect the motor fuel tax.**

86 **[5.] 6.** Upon the payment of the fee required by subsection 1 of this
87 section, the director shall issue a decal, which shall be valid for the current
88 calendar year and shall be attached to the lower right-hand corner of the front
89 windshield on the motor vehicle for which it was issued.

90 **[6.] 7.** The decal fee paid pursuant to subsection 1 of this section for each
91 motor vehicle shall be transferable upon a change of ownership of the motor
92 vehicle and, if the LP gas or natural gas equipment is removed from a motor
93 vehicle upon a change of ownership and is reinstalled in another motor vehicle,
94 upon such reinstallation. Such transfers shall be accomplished in accordance
95 with rules and regulations promulgated by the director.

96 **[7.] 8.** It shall be unlawful for any person to operate a motor vehicle
97 required to have an alternative fuel decal upon the highways of this state without
98 a valid decal **unless the motor vehicle is exclusively fueled at propane,**
99 **compressed natural gas, or liquefied natural gas fueling stations that**
100 **collect the motor fuel tax.**

101 **[8.] 9.** No person shall cause to be put, or put, [LP gas] **any alternative**
102 **fuel** into the fuel supply receptacle **or battery** of a motor vehicle required to
103 have an alternative fuel decal unless the motor vehicle **either** has a valid decal
104 attached to it **or the appropriate motor fuel tax is collected at the time**
105 **of such fueling.** [Sales of fuel placed in the supply receptacle of a motor vehicle

106 displaying such decal shall be recorded upon an invoice, which invoice shall
107 include the decal number, the motor vehicle license number and the number of
108 gallons placed in such supply receptacle.]

109 [9.] 10. Any person violating any provision of this section is guilty of an
110 infraction and shall, upon conviction thereof, be fined five hundred dollars.

111 [10.] 11. Motor vehicles displaying a valid alternative fuel decal are
112 exempt from the licensing and reporting requirements of this chapter.

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