

SENATE BILL NO. 409

INTRODUCED BY

Hargrove HARP *Stall* *Lynch* *Johnson*
Cole *Miller* *Bishop* *Messner* *DeVries* *Benedit*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A REFUND TO ACCREDITED NONPUBLIC SCHOOLS OF TAXES PAID ON SPECIAL FUEL USED IN BUSES THAT TRANSPORT PUPILS FOR SCHOOL-RELATED PURPOSES; AMENDING SECTION 15-70-356, MCA; AND PROVIDING AN EFFECTIVE DATE."

Forrest *Cusumano* *Ferdus*
Griffith *Sprague*

Heating
Emerson

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-356, MCA, is amended to read:

"15-70-356. Refund or credit authorized. (1) A person who purchases and uses any special fuel on which the Montana special fuel license tax has been paid for operating stationary special fuel engines, tractors used off the public highways and streets, or for any commercial use other than operating vehicles upon any of the public highways or streets of this state is allowed a refund of the amount of tax paid directly or indirectly on the special fuel so used. The refund may not exceed the tax paid or to be paid to the state.

(2) (a) The United States government, the state of Montana, any other state, or any county, incorporated city, town, or school district of this state is entitled to a refund of the taxes paid on special fuel regardless of the use of the special fuel.

(b) (i) A nonpublic school is entitled to a refund of the taxes paid on special fuel used in buses that are owned by the nonpublic school if the buses are used for the transportation of pupils for school-related purposes.

(ii) For the purposes of this subsection (2)(b), nonpublic schools are those schools that have been accredited pursuant to 20-7-102.

(3) A distributor who pays the special fuel license tax to this state erroneously is allowed a credit or refund of the amount of tax paid.

(4) (a) A distributor is entitled to a credit for the tax paid to the department on those sales of special fuel with a tax liability of \$200 or greater for which the distributor has not received consideration from or on behalf of the purchaser and for which the distributor has not forgiven any liability. The distributor shall have declared the accounts of the purchaser worthless not more than once during a 3-year

1 period and claimed those accounts as bad debts for federal income tax purposes.

2 (b) If a credit has been granted under subsection (4)(a), any amount collected on the accounts
3 declared worthless must be reported to the department and the tax due must be prorated on the collected
4 amount and must be paid to the department.

5 (c) The department may require a distributor to submit periodic reports listing accounts that are
6 delinquent for 90 days or more.

7 (5) A person who purchases and exports for sale, use, or consumption outside Montana any special
8 fuel on which the Montana special fuel tax has been paid is entitled to a credit or refund of the amount of
9 tax paid unless the person is not licensed and is not paying the tax to the state where fuel is destined.
10 Upon completion of the reports required under 15-70-351, the department shall authorize the credit or
11 refund."

12

13 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 1995.

14

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0409, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing a refund to accredited nonpublic schools of taxes paid on special fuel used in buses that transport pupils for school-related purposes.

ASSUMPTIONS:

1. Accredited nonpublic schools will be required to submit the same documentation that is required for public schools to obtain a refund.
2. Passage of this bill qualifies accredited nonpublic schools as eligible for a refund if the fuel was used in school buses they own or permanently lease.
3. Vehicles must qualify as school buses in accordance with 20-10-101, MCA.
4. Only nonpublic schools (total of 11, information provided by OPI) that are accredited with the state would be eligible for the refund.

FISCAL IMPACT:

Expenditures:

The Department of Transportation would be required to process additional refunds but there would be no material impact on expenditures.

Revenues:

The additional refunds will reduce the net fuel tax revenues deposited to the highway special revenue account by minor amounts. There is insufficient information available to specifically estimate the extent of reduced revenues.

Dave Lewis 2-18-95

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Don Hargrove 2-18-95

DON HARGROVE, PRIMARY SPONSOR DATE

Fiscal Note for SB0409, as introduced

SB 409

APPROVED BY COM ON EDUCATION
AND CULTURAL RESOURCES

SENATE BILL NO. 409

INTRODUCED BY HARGROVE, HARP, ESTRADA, LYNCH, BAER, COLE, CRIPPEN, BISHOP, MESAROS,
DEVLIN, GAGE, BENEDICT, FORRESTER, MILLER, CRISMORE, JENKINS, GROSFIELD, SPRAGUE,
KEATING, EMERSON

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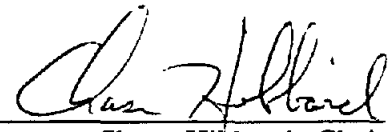
HOUSE STANDING COMMITTEE REPORT

April 5, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 409 (third reading copy -- blue) be concurred in as amended.

Signed: _____


Chase Hibbard, Chair

Carried by: Rep. Barnett

And, that such amendments read:

1. Page 1, line 25.
Following: "pupils"
Insert: "solely"

-END-

Committee Vote:
Yes 11, No 9.

SB 409
HOUSE

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