

## BIODIESEL FUEL CREDITS AND SOYBEAN AND CANOLA CRUSHING CREDITS - MULTISTATE SURVEY

This memorandum was requested to provide information on the availability of incentives in other states that are similar to biodiesel fuel credits and soybean and canola crushing credits provided in North Dakota Century Code Sections 57-38-01.22, 57-38-01.23, and 57-38-30.6. The following table provides an overview of each incentive, including the name of the incentive, the agency administering the incentive, a brief description of the incentive, and the statutory citation.

State	Incentive Title	Administering Agency	Description	Statutory Citation
Arkansas	Biodiesel Incentive Act	Arkansas Department of Finance and Administration	A biodiesel supplier may claim a credit against income tax liability for the cost of facilities and equipment used directly in the wholesale or retail distribution of biodiesel fuels. The amount of the credit is equal to 5 percent of the cost of the facilities and equipment. Any unused credits may be carried forward for up to three taxable years.	Arkansas Code Annotated Section 15-4-2803
Iowa	Fuel Tax Credits	Iowa Department of Revenue	<p>A retail dealer who sells and dispenses qualifying biodiesel blended fuel through a motor fuel pump may qualify for an income tax credit equal to four and one-half cents per gallon for biodiesel fuel classified as B-5 or higher. Any unused credits may be carried forward to future taxable years.</p> <p>A retail dealer of gasoline who sells E85 gasoline through motor fuel pumps may qualify for an income tax credit equal to 16 cents per gallon of E85 sold. Any unused credits may be carried forward to future taxable years.</p> <p>A retail dealer of ethanol blended gasoline may qualify for an income tax credit based on the amount of pure ethanol gallons sold. For instance, 10 gallons of E10 would equal one gallon of pure ethanol for purposes of calculating the credit. The amount of the credit is up to eight cents per gallon of pure ethanol sold and varies based on the total gallons of motor fuel sold by the retailer on an annual basis.</p>	Iowa Code Annotated Sections 422.11N through 422.11P
Kansas	Alternative Fuel Tax Credit	Kansas Department of Revenue	<p>Any taxpayer that makes expenditures for a qualified alternative-fuel motor vehicle licensed in the state of Kansas or who makes expenditures for a qualified alternative-fuel fueling station during the taxable year may qualify for a credit against the taxpayer's income tax liability.</p> <p>The amount of the credit for a qualifying vehicle placed in service on or after January 1, 2005, is equal to 40 percent of the incremental cost or conversion cost for each qualified vehicle, up to \$2,400 per vehicle with a gross weight of less than 10,000 pounds, \$4,000 per vehicle with a gross weight of greater than 10,000 pounds but less than 26,000 pounds, and \$40,000 per vehicle with a gross weight of greater than 26,000 pounds.</p> <p>The amount of the credit for a qualified alternative-fuel station placed in service on or after January 1, 2009, is equal to 40 percent of the total amount expended for the qualifying station, not to exceed a total credit amount of \$100,000 per fueling station.</p> <p>The credit shall be claimed against the taxpayer's liability for the taxable year in which the expenditures were made and any unused credit amounts may be carried forward for up to three taxable years.</p>	Kansas Statutes Annotated Section 79-32,201

State	Incentive Title	Administering Agency	Description	Statutory Citation
Kentucky	Biodiesel Tax Credit	Kentucky Department of Revenue	A taxpayer may receive an income tax credit for blending or producing biodiesel. The credit amount is equal to \$1 per gallon of biodiesel produced by a biodiesel producer, \$1 per gallon of biodiesel used by a biodiesel blender in the blending process, or \$1 per gallon of renewable diesel produced by a renewable diesel producer. The credit may only be claimed in the year in which the credit is approved and the total annual amount of credits available to all taxpayers may not exceed \$10 million. If the amount of credits sought by qualified taxpayers exceeds the available amount, the credits shall be prorated among all qualified taxpayers.	Kentucky Revised Statutes Sections 141.422 through 141.425
Montana	Oilseed Crushing Facility Credit	Montana Department of Revenue	A taxpayer may receive a credit against income tax liability for the cost of investing in depreciable property used primarily for crushing oilseed crops for purposes of producing biodiesel or biolubricant in Montana. The amount of the credit is equal to 15 percent of the costs of the depreciable property, up to a maximum credit amount of \$500,000 per facility for all taxable years. A taxpayer may incur qualifying expenses on investments made up to two taxable years before the facility begins crushing oilseeds and in any taxable year in which the facility is crushing oilseeds. Any unused credit amount may be carried forward for up to seven taxable years.	Montana Code Annotated Section 15-32-701
Montana	Biodiesel/Biolubricant Production Facilities Credit	Montana Department of Revenue	A taxpayer may receive a credit against income tax liability for the cost of investing in depreciable property used to construct or equip a biodiesel or biolubricant production facility in Montana. The amount of the credit is equal to 15 percent of qualified costs. A taxpayer may incur qualifying costs up to two taxable years before the facility begins producing biodiesel or biolubricant and in any taxable year in which the facility is producing biodiesel or biolubricant. For purposes of qualifying for the credit, a taxpayer must place the depreciable property for which the credit is being claimed into operation before January 1, 2015, and must own, lease, or have a beneficial interest in a business that manufactures biodiesel or biolubricant. Any unused credit amount may be carried forward for up to seven taxable years.	Montana Code Annotated Section 15-32-702
Montana	Biodiesel Blending and Storage Credit	Montana Department of Revenue	A special fuel distributor or an owner or operator of a motor fuel outlet may receive a credit against income tax liability for the cost of investing in depreciable property used for storing or blending biodiesel with petroleum diesel for purposes of sale. The amount of the credit is equal to 15 percent of the eligible costs, up to a maximum lifetime credit amount of \$52,500 for a special fuel distributor or \$7,500 for an owner or operator of a motor fuel retail outlet. Eligible costs may be incurred up to two years before the taxpayer begins blending biodiesel fuel for sale and in any year in which the taxpayer is blending biodiesel for sale. For purposes of claiming the credit, a taxpayer must make an investment in depreciable property used primarily to blend petroleum diesel with biodiesel made entirely from Montana-produced feedstocks, have sales of biodiesel amounting to at least 2 percent of the taxpayer's total diesel sales by the end of the third year following the year in which the credit was initially claimed, and must own, lease, or have a beneficial interest in a business that blends biodiesel. Any unused credit amount may be carried forward for up to seven taxable years.	Montana Code Annotated Section 15-32-703

State	Incentive Title	Administering Agency	Description	Statutory Citation
New Mexico	Biodiesel Blending Facility Tax Credit	New Mexico Taxation and Revenue Department	An operator of a refinery, a special fuel blender, or the owner of special fuel stored at a pipeline terminal in New Mexico may claim a credit against gross receipts tax or compensating tax liability for the cost of installing biodiesel blending equipment for purposes of establishing or expanding a facility to produce blended biodiesel fuel. The amount of the credit is equal to 30 percent of the cost of the equipment plus 30 percent of the cost of installing the equipment. The maximum credit amount that may apply for equipment installed at any one facility may not exceed \$50,000. Any unused credit amount may be carried forward by the taxpayer for up to four years from the date the taxpayer was issued a certificate of eligibility from the Energy, Minerals, and Natural Resources Department. The total amount of credits awarded to all taxpayers may not exceed \$1 million in any calendar year.	New Mexico Statutes Annotated Section 7-9-79.2
South Carolina	Credit for Renewable Fuels	South Carolina Department of Revenue	A taxpayer that purchases or constructs, and installs and places in service, property used for distributing or dispensing renewable fuel at a new or existing commercial facility in South Carolina may qualify for a credit against income tax liability in an amount equal to 25 percent of eligible costs. The amount of earned credit must be taken in three equal annual installments beginning with the taxable year in which the property is placed into service. Any unused credit amounts may be carried forward for up to 10 taxable years. For purposes of the credit, renewable fuel means E70 or greater ethanol fuel dispensed at the retail level for use in motor vehicles and pure ethanol or biodiesel fuel dispensed by a distributor or facility that blends these nonpetroleum liquids with gasoline fuel or diesel fuel for use in motor vehicles.	South Carolina Code Annotated Section 12-6-3610
South Carolina	Ethanol or Biodiesel Production Credits	South Carolina Department of Revenue	A taxpayer may claim a credit against income tax liability in an amount of seven and one-half cents per gallon of ethanol or biodiesel for "new production" by an ethanol or biodiesel facility beginning January 1, 2017. The credit may be claimed for a period not to exceed 36 consecutive months and no more than 10 million gallons of ethanol or biodiesel produced during a 12-consecutive-month period may qualify for the credit. For purposes of the credit, "new production" means production resulting from a new facility, a facility that has not received credits prior to 2017, or an existing facility that has expanded its capacity by at least 2 million gallons if the expansion was first placed in service after 2016.	South Carolina Code Annotated Section 12-6-3600(C)
Virginia	Biodiesel Fuels Credit	Virginia Department of Taxation	A biodiesel or green diesel fuel producer may claim a credit against income tax liability for the production of biodiesel and green fuel in Virginia. The amount of the credit is equal to one cent per gallon of biodiesel or green diesel fuel produced during the first three years of production and may not exceed \$5,000 in credits per taxpayer per year. Any unused credits may be carried forward for up to three taxable years or transferred to another taxpayer.	Virginia Code Annotated Section 58.1-439.12:02