Motor carrier surcharge tax collection. Specifies that the motor carrier fuel surcharge tax must be paid on special fuel that is not an alternative fuel at the time of purchase (the same time the special fuel tax is paid), instead of being entirely paid using a quarterly return. (The surcharge tax applies only to motor fuel used by a carrier in Indiana.) Specifies that a carrier is to reconcile the motor fuel use tax and the surcharge tax as part of the carrier's motor fuel use tax return on those gallons upon which the surcharge tax was paid at the time of purchase. Provides for a $100 refund per Indiana registered vehicle for motor fuel surcharge taxes paid on special fuel that is not an alternative fuel by a vehicle owner that is not a carrier or that is exempt from the surcharge tax. Requires the bureau of motor vehicles to provide the refund at the time the owner registers the vehicle and permits the owner to claim an additional refund amount if the owner can prove that the owner paid more than $100 in surcharge taxes with regard to a vehicle during the previous registration year. Provides for a refund claim for vehicles not registered in Indiana. Requires that the refund must be paid from surcharge tax funds and not from registration fees or excise taxes. Removes the study of the collection of taxes similar to the motor carrier fuel surcharge tax.

Page 21, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 31. IC 6-6-4.1-4, AS AMENDED BY P.L.277-2013, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) A tax is imposed on the consumption of motor fuel by a carrier in its operations on highways in Indiana. The rate of this tax is determined as follows:

(1) When imposed upon the consumption of gasoline or special fuel (other than a special fuel that is an alternative fuel), the tax rate is the same rate per gallon as the rate per gallon at which special fuel is taxed under IC 6-6-2.5 plus, for a carrier that has paid the surcharge tax at the time of purchasing special fuel that is not an alternative fuel, the surcharge tax rate under section 4.5 of this chapter for those gallons purchased.

(2) When imposed upon the consumption of a special fuel that is an alternative fuel, the tax rate is either of the following:

(A) The same rate per diesel gallon equivalent as the rate per gallon at which special fuel is taxed under IC 6-6-2.5, in the case of liquid natural gas.

(B) The same rate per gasoline gallon equivalent at which
special fuel is taxed under IC 6-6-2.5, in the case of compressed natural gas or an alternative fuel commonly or commercially known or sold as butane or propane.

The tax shall be paid quarterly by the carrier to the department on or before the last day of the month immediately following the quarter.

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

(c) The amount of tax that a carrier shall pay for a particular quarter under this section equals the product of the tax rate in effect for that quarter, multiplied by the amount of motor fuel consumed by the carrier in its operation on highways in Indiana and upon which the carrier has not paid tax imposed under IC 6-6-1.1, or IC 6-6-2.5, or section 4.5 of this chapter.

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

Page 22, line 4, delete "The" and insert "Beginning July 1, 2017, the surcharge tax that applies to special fuel that is not an alternative fuel shall be collected and remitted in the manner specified for the special fuel tax under IC 6-6-2.5 as required by the department. A carrier shall reconcile the amount owed under this section as part of the carrier's motor fuel use tax reconciliation under this chapter. However, for a carrier that has not paid any surcharge tax at the time of purchase, the".

Page 25, between lines 14 and 15, begin a new paragraph and insert: "SECTION 34. IC 6-6-4.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. (a) A carrier is entitled to a credit against the tax imposed under section 4 of this chapter if the carrier, or a lessor operating under the carrier's annual permit, has:

(1) paid the tax imposed under IC 6-6-1.1 or IC 6-6-2.5 and
section 4.5 of this chapter on motor fuel purchased in Indiana;
(2) consumed the motor fuel outside Indiana; and
(3) paid a gasoline, special fuel, or road tax with respect to the
fuel in one (1) or more other states or jurisdictions.
(b) The amount of credit for a quarter is equal to the tax paid under
IC 6-6-1.1 and IC 6-6-2.5 on motor fuel that:
(1) was purchased in Indiana;
(2) was consumed outside Indiana; and
(3) with respect to which the carrier paid a gasoline, special fuel,
or road tax to another state or jurisdiction.
(c) To qualify for the credit, the carrier shall submit any evidence
required by the department of payment of the tax imposed under
IC 6-6-1.1 or IC 6-6-2.5 and section 4.5 of this chapter.
(d) A credit earned by a carrier in a particular quarter shall be
applied against the carrier's tax liability under this chapter for that
quarter before any credit carryover is applied against that liability
under section 7 of this chapter.
SECTION 35. IC 6-6-4.1-7 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. (a) As used in this
section, the credit of a carrier for any quarter is the amount by which
the credit to which the carrier is entitled under section 6 of this chapter
for that quarter exceeds the tax liability of the carrier under section
sections 4 and 4.5 of this chapter for that quarter.
(b) The credit for any quarter shall be allowed as a credit against the
tax for which the carrier would otherwise be liable in the quarter in
which the credit accrued.
(c) A carrier is entitled to the refund of any credit not previously
used to offset a tax liability or for any erroneously paid tax or penalty.
To obtain the refund, the carrier shall submit to the department a
properly completed application in accordance with rules adopted by the
department under IC 4-22-2. The application must be submitted within
three (3) years after the end of:
(1) the quarter in which the credit accrued; or
(2) the calendar year that contains the taxable period in which the
tax or penalty was erroneously paid.
Along with the application, the carrier shall submit any evidence
required by the department and any reports required by the department
under this chapter.
(d) The department shall pay interest on any part of a refund that is
not made within ninety (90) days after the date on which all of the
following have been completed:

(1) The filing of:
   (A) the properly completed application for refund; or
   (B) the quarterly return on which a refund is claimed.

(2) The submission of any evidence required by the department
of payment of the tax imposed under IC 6-6-1.1 or IC 6-6-2.5 and
section 4.5 of this chapter.

(3) The submission of reports required by the department under
this chapter.

(4) The furnishing of a surety bond, letter of credit, or cash
deposit under section 8 of this chapter.

(e) The department shall pay interest at the rate established under
IC 6-8.1-9 from the date of:
   (1) the refund application;
   (2) the due date of a timely filed quarterly return on which a
refund is claimed; or
   (3) the filing date of a quarterly return on which a refund is
claimed, if the quarterly refund is filed after the due date of the
quarterly return;

   to a date determined by the department that does not precede the date
   on which the refund is made by more than thirty (30) days.

SECTION 36. IC 6-6-4.1-28 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2017]: Sec. 28. (a) A person that:
   (1) is not a carrier; and
   (2) owns a vehicle and purchases special fuel that is not an
alternative fuel for the vehicle upon which the surcharge tax
imposed by section 4.5 of this chapter is included;
   is entitled to an annual refund for surcharge taxes paid on the
special fuel consumed by that vehicle.

   (b) The bureau of motor vehicles shall provide an annual refund
of one hundred dollars ($100) to each person for each vehicle
described in subsection (a) at the time the owner registers the
vehicle under IC 9-18.1.

   (c) An owner of a vehicle described in subsection (a) who:
   (1) is not required to register the owner's vehicle under
IC 9-18.1; or
   (2) pays more than one hundred dollars ($100) in surcharge
taxes for a particular vehicle during the previous registration
year;
may claim a refund for annual surcharge taxes paid with regard to
that vehicle. To obtain the refund, the person shall submit to the
bureau of motor vehicles a properly completed refund claim in
accordance with rules adopted by the bureau of motor vehicles
commission under IC 4-22-2. A refund shall be paid from the funds
and using the ratios specified in section 5(b) of this chapter.

(d) Refunds made under this section are not to be considered a
reduction in the registration fees or excise taxes for a vehicle for
purposes of allocating revenue from the fees and excise taxes for
that vehicle. If necessary, the auditor of state shall monthly
reconcile the appropriate funds that should be charged for the
refund using the funds named in section 5(b) of this chapter and
using the ratios specified in section 5(b) of this chapter.".

Page 26, delete lines 4 through 29.

Page 43, between lines 14 and 15, begin a new paragraph and insert:
"SECTION 72. [EFFECTIVE UPON PASSAGE] (a)
IC 6-6-4.1-4.5, as amended by this act, applies to the collection of
the motor fuel surcharge tax imposed on the consumption of
special fuel that is not an alternative fuel as follows:

(1) For special fuel received by a licensed supplier in Indiana
for sale or resale in Indiana, the special fuel received after
June 30, 2017.

(2) For special fuel subject to a tax precollection agreement
under IC 6-6-2.5-35(j), the special fuel removed after June 30,
2017, by a licensed supplier from a terminal outside Indiana
for sale for export or for export to Indiana.

(3) For special fuel imported into Indiana, other than into a
terminal, the special fuel imported into Indiana after June 30,
2017, as measured by invoiced gallons received at a terminal
or at a bulk plant.

(b) This SECTION expires June 30, 2018.".

Renumber all SECTIONS consecutively.
(Reference is to HB 1002 as introduced.)