

SECOND REGULAR SESSION

HOUSE BILL NO. 2184

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KORMAN.

5806H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 135.710, 142.800, 142.803, and 142.869, RSMo, and to enact in lieu thereof four new sections relating to alternative fuels, with penalty provisions.

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

Section A. Sections 135.710, 142.800, 142.803, and 142.869, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 135.710, 142.800, 142.803, and 142.869, to read as follows:

135.710. 1. As used in this section, the following terms mean:

(1) "Alternative fuels", any motor fuel at least seventy percent of the volume of which consists of one or more of the following:

(a) Ethanol;

(b) Natural gas;

(c) Compressed natural gas;

(d) Liquefied natural gas;

(e) Liquefied petroleum gas, **LPG, LP gas, propane, or autogas**;

(f) Any mixture of biodiesel and diesel fuel, without regard to any use of kerosene;

(g) Hydrogen;

(2) "Department", the department of [natural resources] **economic development**;

(3) "Eligible applicant", a business entity that is the owner of a qualified alternative fuel vehicle refueling property;

(4) "Qualified alternative fuel vehicle refueling property", property in this state owned by an eligible applicant and used for storing alternative fuels and for dispensing such alternative fuels into fuel tanks of motor vehicles owned by such eligible applicant or private citizens which,

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 if constructed after August 28, 2008, was constructed with at least fifty-one percent of the costs
18 being paid to qualified Missouri contractors for the:

19 (a) Fabrication of premanufactured equipment or process piping used in the construction
20 of such facility;

21 (b) Construction of such facility; and

22 (c) General maintenance of such facility during the time period in which such facility
23 receives any tax credit under this section.

24 If no qualified Missouri contractor is located within seventy-five miles of the property, the
25 requirement that fifty-one percent of the costs shall be paid to qualified Missouri contractors
26 shall not apply;

27 (5) "Qualified Missouri contractor", a contractor whose principal place of business is
28 located in Missouri and has been located in Missouri for a period of not less than five years.

29 2. For all tax years beginning on or after January 1, 2009, but before January 1, 2012,
30 any eligible applicant who installs and operates a qualified alternative fuel vehicle refueling
31 property shall be allowed a credit against the tax otherwise due under chapter 143, excluding
32 withholding tax imposed by sections 143.191 to 143.265, or due under chapter 147 or chapter
33 148 for any tax year in which the applicant is constructing the refueling property. The credit
34 allowed in this section per eligible applicant shall not exceed the lesser of twenty thousand
35 dollars or twenty percent of the total costs directly associated with the purchase and installation
36 of any alternative fuel storage and dispensing equipment on any qualified alternative fuel vehicle
37 refueling property, which shall not include the following:

38 (1) Costs associated with the purchase of land upon which to place a qualified alternative
39 fuel vehicle refueling property;

40 (2) Costs associated with the purchase of an existing qualified alternative fuel vehicle
41 refueling property; or

42 (3) Costs for the construction or purchase of any structure.

43 3. Tax credits allowed by this section shall be claimed by the eligible applicant at the
44 time such applicant files a return for the tax year in which the storage and dispensing facilities
45 were placed in service at a qualified alternative fuel vehicle refueling property, and shall be
46 applied against the income tax liability imposed by chapter 143, chapter 147, or chapter 148 after
47 all other credits provided by law have been applied. The cumulative amount of tax credits which
48 may be claimed by eligible applicants claiming all credits authorized in this section shall not
49 exceed the following amounts:

50 (1) In taxable year 2009, three million dollars;

51 (2) In taxable year 2010, two million dollars; and

52 (3) In taxable year 2011, one million dollars.

53 4. If the amount of the tax credit exceeds the eligible applicant's tax liability, the
54 difference shall not be refundable. Any amount of credit that an eligible applicant is prohibited
55 by this section from claiming in a taxable year may be carried forward to any of such applicant's
56 two subsequent taxable years. Tax credits allowed under this section may be assigned,
57 transferred, sold, or otherwise conveyed.

58 5. An alternative fuel vehicle refueling property, for which an eligible applicant receives
59 tax credits under this section, which ceases to sell alternative fuel shall cause the forfeiture of
60 such eligible applicant's tax credits provided under this section for the taxable year in which the
61 alternative fuel vehicle refueling property ceased to sell alternative fuel and for future taxable
62 years with no recapture of tax credits obtained by an eligible applicant with respect to such
63 applicant's tax years which ended before the sale of alternative fuel ceased.

64 6. The director of revenue shall establish the procedure by which the tax credits in this
65 section may be claimed, and shall establish a procedure by which the cumulative amount of tax
66 credits is apportioned equally among all eligible applicants claiming the credit. To the maximum
67 extent possible, the director of revenue shall establish the procedure described in this subsection
68 in such a manner as to ensure that eligible applicants can claim all the tax credits possible up to
69 the cumulative amount of tax credits available for the taxable year. No eligible applicant
70 claiming a tax credit under this section shall be liable for any interest or penalty for filing a tax
71 return after the date fixed for filing such return as a result of the apportionment procedure under
72 this subsection.

73 7. Any eligible applicant desiring to claim a tax credit under this section shall submit the
74 appropriate application for such credit with the department. The application for a tax credit
75 under this section shall include any information required by the department. The department
76 shall review the applications and certify to the department of revenue each eligible applicant that
77 qualifies for the tax credit.

78 8. The department and the department of revenue may promulgate rules to implement
79 the provisions of this section. Any rule or portion of a rule, as that term is defined in section
80 536.010, that is created under the authority delegated in this section shall become effective only
81 if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section
82 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the
83 general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove
84 and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority
85 and any rule proposed or adopted after August 28, 2008, shall be invalid and void.

86 9. Pursuant to section 23.253 of the Missouri sunset act:

87 (1) The provisions of the new program authorized under this section shall automatically
88 sunset six years after August 28, [2008] **2014**, unless reauthorized by an act of the general
89 assembly; and

90 (2) If such program is reauthorized, the program authorized under this section shall
91 automatically sunset twelve years after the effective date of the reauthorization of this section;
92 and

93 (3) This section shall terminate on December thirty-first of the calendar year immediately
94 following the calendar year in which the program authorized under this section is sunset.

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

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

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

16 (3) "Aviation fuel", any motor fuel specifically compounded for use in reciprocating
17 aircraft engines;

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

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

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

26 (5) "Blended fuel", a mixture composed of motor fuel and another liquid including blend
27 stock, other than a de minimis amount of a product such as carburetor detergent or oxidation

28 inhibitor, that can be used as a fuel in a highway vehicle. This term includes but is not limited
29 to gasohol, ethanol, methanol, fuel grade alcohol, diesel fuel enhancers and resulting blends;

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

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

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

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

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

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

48 (12) "Delivery", the placing of motor fuel or any liquid into the fuel tank of a motor
49 vehicle or bulk storage facility;

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

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

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

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

- 64 (17) "Director", the director of revenue;
- 65 (18) "Distributor", a person who either produces, refines, blends, compounds or
66 manufactures motor fuel, imports motor fuel into a state or exports motor fuel out of a state, or
67 who is engaged in distribution of motor fuel;
- 68 (19) "Dyed fuel", diesel fuel or kerosene that is required to be dyed pursuant to United
69 States Environmental Protection Agency rules or is dyed pursuant to Internal Revenue Service
70 rules or pursuant to any other requirements subsequently set by the United States Environmental
71 Protection Agency or Internal Revenue Service including any invisible marker requirements;
- 72 (20) "Eligible purchaser", a distributor who has been authorized by the director to
73 purchase motor fuel on a tax-deferred basis;
- 74 (21) "Export", to obtain motor fuel in this state for sale or other distribution outside of
75 this state. In applying this definition, motor fuel delivered out of state by or for the seller
76 constitutes an export by the seller, and motor fuel delivered out of state by or for the purchaser
77 constitutes an export by the purchaser;
- 78 (22) "Exporter", any person, other than a supplier, who purchases motor fuel in this state
79 for the purpose of transporting or delivering the fuel outside of this state;
- 80 (23) "Farm tractor", all tractor-type, motorized farm implements and equipment but shall
81 not include motor vehicles of the truck-type, pickup truck-type, automobiles, and other motor
82 vehicles required to be registered and licensed each year pursuant to the provisions of the motor
83 vehicle license and registration laws of this state;
- 84 (24) "Fuel grade alcohol", a methanol or ethanol with a proof of not less than one
85 hundred ninety degrees (determined without regard to denaturants) and products derived from
86 such alcohol for blending with motor fuel;
- 87 (25) "Fuel transportation vehicle", any vehicle designed for highway use which is also
88 designed or used to transport motor fuels and includes transport trucks and tank wagons;
- 89 (26) "Gasoline", all products commonly or commercially known or sold as gasoline that
90 are suitable for use as a motor fuel. Gasoline does not include products that have an American
91 Society for Testing and Materials (ASTM) octane number of less than seventy-five as determined
92 by the motor method;
- 93 (27) "Gross gallons", the total measured motor fuel, exclusive of any temperature or
94 pressure adjustments, in U.S. gallons;
- 95 (28) "Heating oil", a motor fuel that is burned in a boiler, furnace, or stove for heating
96 or industrial processing purposes;
- 97 (29) "Import", to bring motor fuel into this state by any means of conveyance other than
98 in the fuel supply tank of a motor vehicle. In applying this definition, motor fuel delivered into
99 this state from out-of-state by or for the seller constitutes an import by the seller, and motor fuel

100 delivered into this state from out-of-state by or for the purchaser constitutes an import by the
101 purchaser;

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

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

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

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

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

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

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

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

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

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

130 (b) A vehicle solely operated on rails;

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

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

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

141 (42) "Position holder", the person who holds the inventory position in motor fuel in a
142 terminal, as reflected on the records of the terminal operator. A person holds the inventory
143 position in motor fuel when that person has a contract with the terminal operator for the use of
144 storage facilities and terminating services for motor fuel at the terminal. The term includes a
145 terminal operator who owns motor fuel in the terminal;

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

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

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

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

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

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

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

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

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

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

167 (b) One or more of the following:

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

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

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

173 d. The position holder in a terminal or refinery outside this state with respect to motor
174 fuel which that person imports into this state. A terminal operator shall not be considered a
175 supplier based solely on the fact that the terminal operator handles motor fuel consigned to it
176 within a terminal. "Supplier" also means a person that produces fuel grade alcohol or
177 alcohol-derivative substances in this state, produces fuel grade alcohol or alcohol-derivative
178 substances for import to this state into a terminal, or acquires upon import by truck, rail car or
179 barge into a terminal, fuel grade alcohol or alcohol-derivative substances. "Supplier" includes
180 a permissive supplier unless specifically provided otherwise;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be
14 precollected as described in this chapter, for the facility and convenience of the consumer. The
15 levy and assessment on other persons as specified in this chapter shall be as agents of this state
16 for the precollection of the tax.

17 **3. Notwithstanding the provisions of subsection 1 of section 142.869, beginning**
18 **January 1, 2015, there shall be a tax levied and imposed on natural gas, compressed**
19 **natural gas, and liquefied natural gas used in motor vehicles in the state in the following**
20 **amount:**

21 **(1) On or after January 1, 2015, three cents per equivalent gallon of gasoline or**
22 **diesel;**

23 **(2) On or after January 1, 2019, six cents per equivalent gallon of gasoline or diesel;**

24 **(3) On or after January 1, 2024, the greater of:**

25 **(a) Nine cents per equivalent gallon of gasoline or diesel; or**

26 **(b) Three percent of the average cost of alternative fuel per equivalent gallon of**
27 **gasoline or diesel for the state for the preceding year before any tax is imposed on such**
28 **fuel.**

29

30 **All proceeds from the taxes imposed and collected under this subsection shall be credited**
31 **to the state highways and transportation department fund created in section 226.200.**

32 **4. The conversion of natural gas, compressed natural gas, or liquefied natural gas**
33 **to a gasoline or diesel equivalent shall meet a federal standard or agreement. In the**
34 **absence of such standard or agreement, the conversion shall be as follows:**

35 **(1) A gasoline gallon equivalent of compressed natural gas shall be equal to one**
36 **hundred twenty-six and sixty-seven-hundredths cubic feet of compressed natural gas,**
37 **measured at fourteen and seven-tenths pounds per square inch and at a temperature of**
38 **sixty degrees Fahrenheit;**

39 **(2) A diesel gallon equivalent of liquefied natural gas shall be equal to six and six-**
40 **hundredths pounds of liquefied natural gas.**

41 **5. Nothing in this section shall prevent or limit taxation applied by chapter 144 or**
42 **local or federal taxes. If no tax is applied by chapter 144, the rates of taxation shall be two**
43 **times the rates provided in this section.**

44 **6. If a natural gas, compressed natural gas, liquefied natural gas, propane, or other**
45 **alternative fuel connection is used for fueling motor vehicles and for another use, such as**
46 **heating, the tax imposed by this section shall apply to the entire amount of natural gas,**
47 **compressed natural gas, liquefied natural gas, propane, or other alternative fuel used**
48 **unless an approved, separate metering and accounting system is in place.**

142.869. 1. The tax imposed by this chapter shall not apply to passenger motor vehicles,
2 buses as defined in section 301.010, or commercial motor vehicles registered in this state which
3 are powered by alternative fuel, and for which a valid decal has been acquired as provided in this
4 section. The owners or operators of such motor vehicles shall, in lieu of the tax imposed by
5 section 142.803, pay an annual alternative fuel decal fee as follows: seventy-five dollars on each
6 passenger motor vehicle, school bus as defined in section 301.010, and commercial motor
7 vehicle with a licensed gross vehicle weight of eighteen thousand pounds or less; one hundred
8 dollars on each motor vehicle with a licensed gross weight in excess of eighteen thousand pounds

9 but not more than thirty-six thousand pounds used for farm or farming transportation operations
10 and registered with a license plate designated with the letter "F"; one hundred fifty dollars on
11 each motor vehicle with a licensed gross vehicle weight in excess of eighteen thousand pounds
12 but less than or equal to thirty-six thousand pounds, and each passenger-carrying motor vehicle
13 subject to the registration fee provided in sections 301.059, 301.061 and 301.063; two hundred
14 fifty dollars on each motor vehicle with a licensed gross weight in excess of thirty-six thousand
15 pounds used for farm or farming transportation operations and registered with a license plate
16 designated with the letter "F"; and one thousand dollars on each motor vehicle with a licensed
17 gross vehicle weight in excess of thirty-six thousand pounds. Notwithstanding provisions of this
18 section to the contrary, motor vehicles licensed as historic under section 301.131 which are
19 powered by alternative fuel shall be exempt from both the tax imposed by this chapter and the
20 alternative fuel decal requirements of this section.

21 2. Except interstate fuel users and vehicles licensed under a reciprocity agreement as
22 defined in section 142.617, the tax imposed by section 142.803 shall not apply to motor vehicles
23 registered outside this state which are powered by alternative fuel **other than compressed**
24 **natural gas and liquified natural gas**, and for which a valid temporary alternative fuel decal
25 has been acquired as provided in this section. The owners or operators of such motor vehicles
26 shall, in lieu of the tax imposed by section 142.803, pay a temporary alternative fuel decal fee
27 of eight dollars on each such vehicle. Such decals shall be valid for a period of fifteen days from
28 the date of issuance and shall be attached to the lower right-hand corner of the front windshield
29 on the motor vehicle for which it was issued. Such decal and fee shall not be transferable. All
30 proceeds from such decal fees shall be deposited as specified in section 142.345. Alternative
31 fuel dealers selling such decals in accordance with rules and regulations prescribed by the
32 director shall be allowed to retain fifty cents for each decal fee timely remitted to the director.

33 3. The director shall annually, on or before January thirty-first of each year, collect or
34 cause to be collected from owners or operators of the motor vehicles specified in subsection 1
35 of this section the annual decal fee. Applications for such decals shall be supplied by the
36 department of revenue. In the case of a motor vehicle which is not in operation by January
37 thirty-first of any year, a decal may be purchased for a fractional period of such year, and the
38 amount of the decal fee shall be reduced by one-twelfth for each complete month which shall
39 have elapsed since the beginning of such year.

40 4. Upon the payment of the fee required by subsection 1 of this section, the director shall
41 issue a decal, which shall be valid for the current calendar year and shall be attached to the lower
42 right-hand corner of the front windshield on the motor vehicle for which it was issued.

43 5. The decal fee paid pursuant to subsection 1 of this section for each motor vehicle shall
44 be transferable upon a change of ownership of the motor vehicle and, if the LP gas or natural gas

45 equipment is removed from a motor vehicle upon a change of ownership and is reinstalled in
46 another motor vehicle, upon such reinstallation. Such transfers shall be accomplished in
47 accordance with rules and regulations promulgated by the director.

48 6. It shall be unlawful for any person to operate a motor vehicle required to have an
49 alternative fuel decal upon the highways of this state without a valid decal.

50 7. No person shall cause to be put, or put, LP gas [or natural gas] into the fuel supply
51 receptacle of a motor vehicle required to have an alternative fuel decal unless the motor vehicle
52 has a valid decal attached to it. Sales of fuel placed in the supply receptacle of a motor vehicle
53 displaying such decal shall be recorded upon an invoice, which invoice shall include the decal
54 number, the motor vehicle license number and the number of gallons placed in such supply
55 receptacle.

56 8. Any person violating any provision of this section is guilty of an infraction and shall,
57 upon conviction thereof, be fined five hundred dollars.

58 9. Motor vehicles displaying a valid alternative fuel decal are exempt from the licensing
59 and reporting requirements of this chapter.

60 **10. The alternative fuel decal fees provided in subsection 1 of this section for motor**
61 **vehicles powered by natural gas, compressed natural gas, or liquefied natural gas shall be**
62 **reduced by one-third on each of the following dates:**

63 (1) January 1, 2015;

64 (2) January 1, 2019; and

65 (3) January 1, 2024, when such decal fee shall be eliminated for vehicles powered
66 by natural gas, compressed natural gas, or liquefied natural gas.

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