

HCS HB 2072 -- MOTOR FUEL TAX EXEMPTION

SPONSOR: Mayhew

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Transportation Accountability by a vote of 10 to 3. Voted "Do "Pass" by Rules-Regulatory Oversight by a vote of 6 to 2.

The following is a summary of the House Committee Substitute for HB 2072.

This bill creates the "Motor Fuel Tax Fund of 2021", into which the refundable revenue up to \$550 million, adjusted annually for inflation, collected under subdivision (1) of subsection 3 of Section 142.803, RSMo, will be deposited. Any money in the Fund not refunded to a motor fuel purchaser within the required time will remain in the Fund and be subject to appropriation by the General Assembly for road and bridge projects for state-owned infrastructure. Any amount over \$550 million, adjusted annually for inflation, will be distributed as follows:

- (1) Sixty percent to counties as follows: one-half based upon a county's road mileage compared to the road mileage of the entire state, and one half upon a county's rural land valuation compared to the rural land valuation of the entire state;
- (2) Twenty percent to be divided equally between any city not within a county and the county with the next highest population within the state; and
- (3) Twenty percent to the counties bases upon the ratio of a county land assessed as agricultural versus the total amount assessed as agricultural in the state. (Section 142.803, RSMo).

Beginning October 1, 2024, this bill authorizes a taxpayer to donate the motor fuel tax refund to a tax-exempt nonprofit entity by providing the entity with all required documentation and a signed statement indicating that the nonprofit is entitled to the taxpayer's refund. The nonprofit entity must submit the documentation and statement, along with proof of its tax-exempt status, to the Director of Revenue. The taxpayer is then entitled to subtract from the taxpayer's Missouri adjusted gross income the amount of the refund donated to the nonprofit (Sections 142.815 and 142.824).

Currently, motor fuel is exempt from fuel tax, and an exemption and refund may be claimed by a taxpayer if the tax has been paid and no refund has been previously issued. These exemptions and refunds are currently issued on a fiscal year basis.

Beginning January 1, 2025, exemptions and refunds shall be based on the tax year. To claim an exemption and refund, a person may elect to proceed in one of the following ways:

(1) For a receipt-based exemption and refund, a person shall present a statement containing a written verification that the claim is made under penalty of perjury and that states the total fuel tax paid in the applicable tax year for each vehicle for which the exemption and refund is claimed. The claim statement may be submitted electronically and shall contain information specified in the bill; or

(2) For a standard refund, at the time a person files his or her Missouri income tax return, a person may select to claim the exemption and refund applied as an immediate refund or applied as a credit against the person's Missouri income tax liability. A person claiming a standard refund shall not be entitled to claim a receipt-based refund for the same tax year.

The standard refund shall be allocated as follows:

- (1) For the 2024 tax year, \$30;
- (2) For the 2025 tax year, \$45;
- (3) For the 2026 tax year, \$60;
- (4) For all tax years beginning on or after January 1, 2027, \$75.

The Department of Revenue shall provide a form for taxpayers to make clear their election of either a receipt-based exemption and refund or a standard refund. The form shall be filed with the taxpayer's Missouri income tax return and require that certain information be disclosed, as specified in the bill (Section 142.822).

The exemption and refund shall be paid out of the proceeds of the additional tax under Subsection 3 of Section 142.803. If the amount of refunds claimed in a tax year exceeds the tax collected for the tax year, refunds shall be allowed based on the order in which they are claimed (Section 142.822).

Currently, the motor fuel tax rebate under Section 142.822 is eligible only for vehicles with a gross weight of 26,000 pounds or less.

This bill extends the eligibility to motor fuel delivered into a motor vehicle with a gross weight over 26,000 pounds if the motor

vehicle is owned by a corporation licensed in Missouri with its primary headquarters in this state, or owned by a sole proprietor whose home office is located in Missouri; provided that the corporation or sole proprietor submits documentation that any exemption and refund claimed is based solely on fuel delivered into a motor vehicle while it was operating in Missouri. If the vehicle was operated in multiple states, the submitted documentation must separate the fuel delivered while operating in Missouri and the other states (Section 142.822).

Currently, exemptions and refunds issued for any additional tax on motor fuel are based on a fiscal year. Beginning in fiscal year 2025, they will be based on the tax year.

This bill specifies that claims will be filed on or after January 15th but not later than April 15th after the close of the tax year for which the exemption and refund is claimed (Sections 142.822 and 142.824).

This bill is similar to HB 1366, HB 1370, HB 1354, HB 520, & HB 519 (2023).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

**PROPONENTS:** Supporters say that it makes sense to put the motor fuel tax refund on the calendar year, the same schedule as personal income tax. This will put some of the road funds under the appropriation jurisdiction of the General Assembly, which is closer to the will of the people and the refund was supposed to be easy to obtain, but it is not. The bill will provide a convenient and simple way to get the refund.

Testifying in person for the bill was Representative Mayhew.

**OPPONENTS:** Those who oppose the bill say that with a standard deduction for the gas tax refund, many people will be able to claim an amount larger than they really spent.

Testifying in person against the bill was Missourians for Transportation Investment.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.