

HB 3539 -- THE MOTOR FUEL TAX EXEMPTION

SPONSOR: Mayhew

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, 2027, exemptions and refunds will 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 2026 tax year, \$30;
- (2) For the 2027 tax year, \$45;
- (3) For the 2028 tax year, \$60;
- (4) For all tax years beginning on or after January 1, 2029, \$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.

The exemption and refund shall be paid out of the proceeds of the additional tax under Subsection 3 of Section 142.803, RSMo. 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.