

By: Senator(s) Lee (35th)

To: Finance

SENATE BILL NO. 3111

1 AN ACT TO AUTHORIZE AN INCOME TAX CREDIT FOR TAXPAYERS IN THE
 2 BUSINESS OF DISTRIBUTING MOTOR FUEL IN THE AMOUNT OF THE COST OF
 3 EQUIPMENT FOR THE DISTRIBUTION OF BIODIESEL AND THE COST OF
 4 INSTALLATION OF SUCH EQUIPMENT; TO PROVIDE THAT ANY TAX CREDIT
 5 CLAIMED UNDER THIS ACT BUT NOT USED MAY BE CARRIED FORWARD FOR
 6 FIVE CONSECUTIVE TAXABLE YEARS; TO PROVIDE THAT THE CREDIT
 7 UTILIZED IN ANY YEAR SHALL BE LIMITED TO AN AMOUNT NOT GREATER
 8 THAN THE TOTAL STATE INCOME TAX LIABILITY OF THE TAXPAYER; AND FOR
 9 RELATED PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 **SECTION 1.** (1) A taxpayer in the business of distributing
 12 motor fuel shall be allowed a credit against the taxes imposed by
 13 this chapter in the amount of the expenses that he incurred during
 14 the taxable year for the cost of equipment that he purchased for
 15 the distribution of biodiesel and for the cost of installation of
 16 such equipment.

17 (2) Any tax credit claimed under this section but not used
 18 in any taxable year may be carried forward for five (5)
 19 consecutive years from the close of the tax year in which the
 20 credits were earned. The credit that may be utilized each year
 21 shall be limited to an amount not greater than the total state
 22 income tax liability of the taxpayer.

23 (3) As used in this section:

24 (a) "Biodiesel" means:

25 (i) A fuel composed of mono-alkyl esters of
 26 long-chain fatty acids generally derived from vegetable oils,
 27 animal fats or biomass designated B100, and meeting the
 28 requirements of American Society of Testing Materials (ASTM)
 29 designation D-6751; or

30 (ii) A fuel which meets the registration
31 requirements for fuels and fuel additives established under 40 CFR
32 part 79, is not a mono-alkyl ester, is intended for use in engines
33 that are designed to run on conventional petroleum derived diesel
34 fuel and is derived or refined in a unit that normally processes
35 gasoline or diesel from crude oil from nonpetroleum renewable
36 resources, including, but not limited to, biomass, animal wastes,
37 including poultry fats and poultry wastes, and other waste
38 materials, or municipal solid waste and sludges and oils derived
39 from wastewater and the treatment of wastewater.

40 (b) "Biomass" means:

41 (i) Any organic material grown for the purpose of
42 being converted to energy;

43 (ii) Any organic byproduct of agriculture
44 (including wastes from food production and processing) that can be
45 converted into energy; or

46 (iii) Any waste material that can be converted to
47 energy, is segregated from other waste materials and is derived
48 from:

49 1. Any of the following forest-related
50 resources: mill residues, precommercial or commercial thinnings,
51 slash, brush, or otherwise nonmerchantable or merchantable
52 material; or

53 2. Wood waste materials, including waste
54 pallets, crates, dunnage, manufacturing and construction wood
55 wastes (other than pressure-treated, chemically treated, or
56 painted wood wastes), and landscape or right-of-way tree
57 trimmings, but not including municipal solid waste, gas derived
58 from the biodegradation of municipal solid waste or paper that is
59 commonly recycled.

60 **SECTION 2.** The provisions of Section 1 of this act shall be
61 codified in Chapter 7, Title 27, Mississippi Code of 1972.

62 **SECTION 3.** This act shall take effect and be in force from
63 and after July 1, 2007.