

1 **CLEAN FUEL AMENDMENTS AND REBATES**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4

5 **LONG TITLE**

6 **General Description:**

7 This bill creates the Conversion to Alternative Fuel Grant Program.

8 **Highlighted Provisions:**

9 This bill:

- 10 ▶ defines terms;
- 11 ▶ amends definitions;
- 12 ▶ authorizes the Department of Environmental Quality to make grants from the Clean
- 13 Fuels and Vehicle Technology Fund to a person who installs conversion equipment
- 14 on a motor vehicle;
- 15 ▶ describes the process for a person to apply for a grant to install conversion
- 16 equipment on a motor vehicle;
- 17 ▶ describes the amount of grant money the Director of the Division of Air Quality
- 18 may award to a person who installs conversion equipment on a motor vehicle;
- 19 ▶ grants rulemaking authority to the Air Quality Board; and
- 20 ▶ makes technical changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 **AMENDS:**

27 **19-1-403**, as last amended by Laws of Utah 2014, Chapter 295

28 **59-7-605 (Effective 01/01/15)**, as last amended by Laws of Utah 2014, Chapter 125

29 **59-10-1009 (Effective 01/01/15)**, as last amended by Laws of Utah 2014, Chapter 125

30 **ENACTS:**

31 **19-2-301**, Utah Code Annotated 1953

32 **19-2-302**, Utah Code Annotated 1953

33 **19-2-303**, Utah Code Annotated 1953

34 **19-2-304**, Utah Code Annotated 1953

35 **19-2-305**, Utah Code Annotated 1953

36

37 *Be it enacted by the Legislature of the state of Utah:*

38 Section 1. Section **19-1-403** is amended to read:

39 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**
40 **grants made with fund money.**

41 (1) (a) There is created a revolving fund known as the Clean Fuels and Vehicle
42 Technology Fund.

43 (b) The fund consists of:

44 (i) appropriations to the fund;

45 (ii) other public and private contributions made under Subsection (1)(c);

46 (iii) interest earnings on cash balances; and

47 (iv) all money collected for loan repayments and interest on loans.

48 (c) The department may accept contributions from other public and private sources for
49 deposit into the fund.

50 (2) (a) The department may make a loan or a grant with money available in the fund
51 ~~for~~:

52 (i) for the conversion of a private sector business vehicle or a government vehicle to
53 use a clean fuel, if certified by the Air Quality Board under Subsection 19-1-405(1)(a); ~~or~~

54 (ii) for the purchase of an OEM vehicle for use as a private sector business vehicle or
55 government vehicle~~[-]; or~~

56 (iii) to a person who installs conversion equipment on a motor vehicle, as described in
57 Sections 19-2-301 through 19-2-304.

58 (b) The amount of a loan for any vehicle under Subsection (2)(a) may not exceed:

59 (i) the actual cost of the vehicle conversion;

60 (ii) the incremental cost of purchasing the OEM vehicle; or

61 (iii) the cost of purchasing the OEM vehicle if there is no documented incremental
62 cost.

63 (c) The amount of a grant for any vehicle under Subsection (2)(a) may not exceed:

64 (i) 50% of the actual cost of the vehicle conversion minus the amount of any tax credit
65 claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant is requested;
66 or

67 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of
68 any tax credit claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant
69 is requested.

70 (d) (i) Subject to the availability of money in the fund, the department may make a loan
71 or grant for the purchase of vehicle refueling equipment for a private sector business vehicle or
72 a government vehicle.

73 (ii) The maximum amount loaned or granted per installation of refueling equipment
74 may not exceed the actual cost of the refueling equipment.

75 (3) The department may:

76 (a) establish an application fee for a loan or grant from the fund by following the
77 procedures and requirements of Section 63J-1-504; and

78 (b) reimburse itself for the costs incurred in administering the fund from:

79 (i) the fund; or

80 (ii) application fees established under Subsection (3)(a).

81 (4) (a) The fund balance may not exceed \$10,000,000.

82 (b) Interest on cash balances and repayment of loans in excess of the amount necessary
83 to maintain the fund balance at \$10,000,000 shall be deposited in the General Fund.

84 (5) (a) Loans made from money in the fund shall be supported by loan documents
85 evidencing the intent of the borrower to repay the loan.

86 (b) The original loan documents shall be filed with the Division of Finance and a copy
87 shall be filed with the department.

88 Section 2. Section **19-2-301** is enacted to read:

89 **Part 3. Conversion to Alternative Fuel Grant Program**

90 **19-2-301. Title.**

91 This part is known as the "Conversion to Alternative Fuel Grant Program."

92 Section 3. Section **19-2-302** is enacted to read:

93 **19-2-302. Definitions.**

94 As used in this part:

- 95 (1) "Air quality standards" means vehicle emission standards equal to or greater than
96 the standards established in bin 4 in Table S04-1 of 40 C.F.R. 86.1811-04(c)(6).
- 97 (2) "Alternative fuel" means:
- 98 (a) propane, natural gas, or electricity; or
- 99 (b) other fuel that the board determines, by rule, to be:
- 100 (i) at least as effective as reducing air pollution as the fuels listed in Subsection (2)(a);
101 or
- 102 (ii) substantially more effective in reducing air pollution as the fuel for which the
103 engine was originally designed.
- 104 (3) "Board" means the Air Quality Board.
- 105 (4) "Clean fuel grant" means a grant awarded under Title 19, Chapter 1, Part 4, Clean
106 Fuels and Vehicle Technology Program Act, for reimbursement for a portion of the incremental
107 cost of an OEM vehicle or the cost of conversion equipment.
- 108 (5) "Conversion equipment" means equipment designed to:
- 109 (a) allow a motor vehicle to operate on an alternative fuel; and
- 110 (b) reduce a motor vehicle's emissions of regulated pollutants, as demonstrated by:
- 111 (i) certification of the conversion equipment by the Environmental Protection Agency
112 or by a state or country that has certification standards that are recognized, by rule, by the
113 board;
- 114 (ii) testing the motor vehicle, before and after the installation of the equipment, in
115 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway
116 Vehicles and Engines, using all fuel the motor vehicle is capable of using;
- 117 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section
118 19-1-406, satisfying the emission standards described in Section 19-1-406; or
- 119 (iv) any other test or standard recognized by board rule, made in accordance with Title
120 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 121 (6) "Cost" means the total reasonable cost of a conversion kit and the paid labor, if any,
122 required to install it.
- 123 (7) "Director" means the director of the Division of Air Quality.
- 124 (8) "Division" means the Division of Air Quality, created in Subsection 19-1-105(1)(a).
- 125 (9) "Eligible vehicle" means a vehicle operated and registered in Utah.

126 Section 4. Section **19-2-303** is enacted to read:

127 **19-2-303. Grants and programs -- Conditions.**

128 (1) The director may make grants to a person who installs conversion equipment on a
129 motor vehicle as described in this part.

130 (2) A person who installs conversion equipment on a motor vehicle:

131 (a) may apply to the division for a grant to offset the cost of installation; and

132 (b) shall pass along any savings on the cost of conversion equipment to the owner of
133 the motor vehicle being converted in the amount of grant money received.

134 (3) As a condition for receiving the grant, a person who installs conversion equipment
135 shall agree to:

136 (a) provide information to the division about the vehicle to be converted with the grant
137 proceeds;

138 (b) allow inspections by the division to ensure compliance with the terms of the grant;

139 and

140 (c) comply with the conditions for the grant.

141 (4) A grant issued under this section may not exceed the lesser of 50 percent of the cost
142 of the conversion system and associated labor, or \$2,500, per converted motor vehicle.

143 Section 5. Section **19-2-304** is enacted to read:

144 **19-2-304. Duties and authorities -- Rulemaking.**

145 (1) The board may, by following the procedures and requirements of Title 63G,
146 Chapter 3, Utah Administrative Rulemaking Act, make rules:

147 (a) specifying the amount of money to be dedicated annually for grants under this part;

148 (b) specifying criteria the director shall consider in prioritizing and awarding grants,

149 including a limitation on the types of vehicles that are eligible for funds;

150 (c) specifying the minimum qualifications of a person who:

151 (i) installs conversion equipment on a motor vehicle; and

152 (ii) receives a grant from the division;

153 (d) specifying the terms of a grant; and

154 (e) requiring all grant applicants to apply on forms provided by the division.

155 (2) The division shall:

156 (a) administer funds to encourage vehicle owners to reduce emissions from vehicles;

157 and

158 (b) provide information about which conversion technology meets the requirements of
159 this part.

160 (3) The division may inspect vehicles for which a grant was made to ensure
161 compliance with the terms of the grant.

162 Section 6. Section **19-2-305** is enacted to read:

163 **19-2-305. Limitation on applying for a tax credit.**

164 An owner of a motor vehicle who receives the savings on the cost of conversion
165 equipment, as described in Subsection 19-2-303(2)(b), may not claim a tax credit for the
166 conversion under Section 59-7-605 or 59-10-1009 unless the savings are less than the tax credit
167 authorized by those sections, in which case the owner may claim a tax credit in the amount of
168 the difference.

169 Section 7. Section **59-7-605 (Effective 01/01/15)** is amended to read:

170 **59-7-605 (Effective 01/01/15). Definitions -- Tax credits related to energy efficient**
171 **vehicles.**

172 (1) As used in this section:

173 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than
174 the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

175 (b) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air
176 Conservation Act.

177 (c) "Certified by the board" means that:

178 (i) a motor vehicle on which conversion equipment has been installed meets the
179 following criteria:

180 (A) before the installation of conversion equipment, the vehicle does not exceed the
181 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,
182 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;
183 and

184 (B) as a result of the installation of conversion equipment on the motor vehicle, the
185 motor vehicle has reduced emissions; or

186 (ii) special mobile equipment on which conversion equipment has been installed has
187 reduced emissions.

- 188 (d) "Clean fuel grant" means a grant awarded;
- 189 (i) under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program
- 190 Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of
- 191 conversion equipment~~[-]; or~~
- 192 (ii) under Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel Grant Program.
- 193 (e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).
- 194 (f) "OEM vehicle" has the same meaning as in Section 19-1-402.
- 195 (g) "Original purchase" means the purchase of a vehicle that has never been titled or
- 196 registered and has been driven less than 7,500 miles.
- 197 (h) "Qualifying electric vehicle" means a vehicle that:
- 198 (i) meets air quality standards;
- 199 (ii) is not fueled by natural gas;
- 200 (iii) is fueled by electricity only; and
- 201 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in
- 202 Subsection (1)(h)(iii).
- 203 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:
- 204 (i) meets air quality standards;
- 205 (ii) is not fueled by natural gas or propane;
- 206 (iii) has a battery capacity that meets or exceeds the battery capacity described in
- 207 Section 30D(b)(3), Internal Revenue Code; and
- 208 (iv) is fueled by a combination of electricity and:
- 209 (A) diesel fuel;
- 210 (B) gasoline; or
- 211 (C) a mixture of gasoline and ethanol.
- 212 (j) "Reduced emissions" means:
- 213 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
- 214 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in
- 215 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the
- 216 conversion equipment, as demonstrated by:
- 217 (A) certification of the conversion equipment by the federal Environmental Protection
- 218 Agency or by a state that has certification standards recognized by the board;

219 (B) testing the motor vehicle, before and after installation of the conversion equipment,
220 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway
221 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

222 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
223 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
224 emission standards applicable under Section 19-1-406; or

225 (D) any other test or standard recognized by board rule, made in accordance with Title
226 63G, Chapter 3, Utah Administrative Rulemaking Act; or

227 (ii) for purposes of special mobile equipment on which conversion equipment has been
228 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
229 on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the
230 installation of conversion equipment, as demonstrated by:

231 (A) certification of the conversion equipment by the federal Environmental Protection
232 Agency or by a state that has certification standards recognized by the board; or

233 (B) any other test or standard recognized by board rule, made in accordance with Title
234 63G, Chapter 3, Utah Administrative Rulemaking Act.

235 (k) "Special mobile equipment":

236 (i) means any mobile equipment or vehicle that is not designed or used primarily for
237 the transportation of persons or property; and

238 (ii) includes construction or maintenance equipment.

239 (2) For the taxable year beginning on or after January 1, 2015, but beginning on or
240 before December 31, 2015, a taxpayer may claim a tax credit against tax otherwise due under
241 this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
242 Corporate Franchise or Income Tax Act, in an amount equal to:

243 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in
244 this state, the lesser of:

245 (A) \$1,500; or

246 (B) 35% of the purchase price of the vehicle; or

247 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is
248 registered in this state, \$1,000;

249 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is

250 registered in this state, the lesser of:

251 (i) \$1,500; or

252 (ii) 35% of the purchase price of the vehicle;

253 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor

254 vehicle registered in this state minus the amount of any clean fuel grant received, up to a

255 maximum tax credit of \$1,500 per motor vehicle, if the motor vehicle is to:

256 (i) be fueled by propane, natural gas, or electricity;

257 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at

258 least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or

259 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act

260 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

261 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special

262 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum

263 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to

264 be fueled by:

265 (i) propane, natural gas, or electricity; or

266 (ii) other fuel the board determines annually on or before July 1 to be:

267 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

268 or

269 (B) substantially more effective in reducing air pollution than the fuel for which the

270 engine was originally designed; and

271 (e) for a lease of a vehicle described in Subsection (2)(a) or (b), an amount equal to the

272 product of:

273 (i) the amount of tax credit the taxpayer would otherwise qualify to claim under

274 Subsection (2)(a) or (b) had the taxpayer purchased the vehicle, except that the purchase price

275 described in Subsection (2)(a)(i)(B) or (2)(b)(ii) is considered to be the value of the vehicle at

276 the beginning of the lease; and

277 (ii) a percentage calculated by:

278 (A) determining the difference between the value of the vehicle at the beginning of the

279 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as

280 stated in the lease agreement; and

281 (B) dividing the difference determined under Subsection (2)(e)(ii)(A) by the value of
282 the vehicle at the beginning of the lease, as stated in the lease agreement.

283 (3) (a) The board shall:

284 (i) determine the amount of tax credit a taxpayer is allowed under this section; and

285 (ii) provide the taxpayer with a written certification of the amount of tax credit the
286 taxpayer is allowed under this section.

287 (b) A taxpayer shall provide proof of the purchase or lease of an item for which a tax
288 credit is allowed under this section by:

289 (i) providing proof to the board in the form the board requires by rule;

290 (ii) receiving a written statement from the board acknowledging receipt of the proof;

291 and

292 (iii) retaining the written statement described in Subsection (3)(b)(ii).

293 (c) A taxpayer shall retain the written certification described in Subsection (3)(a)(ii).

294 (4) Except as provided by Subsection (5), the tax credit under this section is allowed
295 only:

296 (a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain
297 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year
298 by the taxpayer;

299 (b) for the taxable year in which a vehicle described in Subsection (2)(a) or (b) is
300 purchased, a vehicle described in Subsection (2)(e) is leased, or conversion equipment
301 described in Subsection (2)(c) or (d) is installed; and

302 (c) once per vehicle.

303 (5) A taxpayer may not assign a tax credit under this section to another person.

304 (6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the
305 taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain
306 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year,
307 the amount of the tax credit exceeding the tax liability may be carried forward for a period that
308 does not exceed the next five taxable years.

309 (7) In accordance with any rules prescribed by the commission under Subsection (8),
310 the commission shall transfer at least annually from the General Fund into the Education Fund
311 the amount by which the amount of tax credit claimed under this section for a taxable year

312 exceeds \$500,000.

313 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
314 commission may make rules for making a transfer from the General Fund into the Education
315 Fund as required by Subsection (7).

316 Section 8. Section **59-10-1009 (Effective 01/01/15)** is amended to read:

317 **59-10-1009 (Effective 01/01/15). Definitions -- Tax credits related to energy**
318 **efficient vehicles.**

319 (1) As used in this section:

320 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than
321 the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

322 (b) "Board" means the Air Quality Board created in Title 19, Chapter 2, Air
323 Conservation Act.

324 (c) "Certified by the board" means that:

325 (i) a motor vehicle on which conversion equipment has been installed meets the
326 following criteria:

327 (A) before the installation of conversion equipment, the vehicle does not exceed the
328 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,
329 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;
330 and

331 (B) as a result of the installation of conversion equipment on the motor vehicle, the
332 motor vehicle has reduced emissions; or

333 (ii) special mobile equipment on which conversion equipment has been installed has
334 reduced emissions.

335 (d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19,
336 Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act[;] or Title 19, Chapter 2,
337 Part 3, Conversion to Alternative Fuel Program, for reimbursement of a portion of the
338 incremental cost of the OEM vehicle or the cost of conversion equipment.

339 (e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

340 (f) "OEM vehicle" has the same meaning as in Section 19-1-402.

341 (g) "Original purchase" means the purchase of a vehicle that has never been titled or
342 registered and has been driven less than 7,500 miles.

- 343 (h) "Qualifying electric vehicle" means a vehicle that:
- 344 (i) meets air quality standards;
- 345 (ii) is not fueled by natural gas;
- 346 (iii) is fueled by electricity only; and
- 347 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in
- 348 Subsection (1)(h)(iii).
- 349 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:
- 350 (i) meets air quality standards;
- 351 (ii) is not fueled by natural gas or propane;
- 352 (iii) has a battery capacity that meets or exceeds the battery capacity described in
- 353 Section 30D(b)(3), Internal Revenue Code; and
- 354 (iv) is fueled by a combination of electricity and:
- 355 (A) diesel fuel;
- 356 (B) gasoline; or
- 357 (C) a mixture of gasoline and ethanol.
- 358 (j) "Reduced emissions" means:
- 359 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
- 360 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in
- 361 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the
- 362 conversion equipment, as demonstrated by:
- 363 (A) certification of the conversion equipment by the federal Environmental Protection
- 364 Agency or by a state that has certification standards recognized by the board;
- 365 (B) testing the motor vehicle, before and after installation of the conversion equipment,
- 366 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway
- 367 Vehicles and Engines, using all fuel the motor vehicle is capable of using;
- 368 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
- 369 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
- 370 emission standards applicable under Section 19-1-406; or
- 371 (D) any other test or standard recognized by board rule, made in accordance with Title
- 372 63G, Chapter 3, Utah Administrative Rulemaking Act; or
- 373 (ii) for purposes of special mobile equipment on which conversion equipment has been

374 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
375 on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the
376 installation of conversion equipment, as demonstrated by:

377 (A) certification of the conversion equipment by the federal Environmental Protection
378 Agency or by a state that has certification standards recognized by the board; or

379 (B) any other test or standard recognized by board rule, made in accordance with Title
380 63G, Chapter 3, Utah Administrative Rulemaking Act.

381 (k) "Special mobile equipment":

382 (i) means any mobile equipment or vehicle not designed or used primarily for the
383 transportation of persons or property; and

384 (ii) includes construction or maintenance equipment.

385 (2) For the taxable year beginning on or after January 1, 2015, but beginning on or
386 before December 31, 2015, a claimant, estate, or trust may claim a nonrefundable tax credit
387 against tax otherwise due under this chapter in an amount equal to:

388 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in
389 this state, the lesser of:

390 (A) \$1,500; or

391 (B) 35% of the purchase price of the vehicle; or

392 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is
393 registered in this state, \$1,000;

394 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is
395 registered in this state, the lesser of:

396 (i) \$1,500; or

397 (ii) 35% of the purchase price of the vehicle;

398 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor
399 vehicle registered in this state minus the amount of any clean fuel [conversion] grant received,
400 up to a maximum tax credit of \$1,500 per vehicle, if the motor vehicle:

401 (i) is to be fueled by propane, natural gas, or electricity;

402 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be
403 at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or

404 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act

405 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

406 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special
407 mobile equipment engine minus the amount of any clean fuel [~~conversion~~] grant received, up to
408 a maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile
409 equipment is to be fueled by:

410 (i) propane, natural gas, or electricity; or

411 (ii) other fuel the board determines annually on or before July 1 to be:

412 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

413 or

414 (B) substantially more effective in reducing air pollution than the fuel for which the
415 engine was originally designed; and

416 (e) for a lease of a vehicle described in Subsection (2)(a) or (b), an amount equal to the
417 product of:

418 (i) the amount of tax credit the claimant, estate, or trust would otherwise qualify to
419 claim under Subsection (2)(a) or (b) had the claimant, estate, or trust purchased the vehicle,
420 except that the purchase price described in Subsection (2)(a)(i)(B) or (2)(b)(ii) is considered to
421 be the value of the vehicle at the beginning of the lease; and

422 (ii) a percentage calculated by:

423 (A) determining the difference between the value of the vehicle at the beginning of the
424 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
425 stated in the lease agreement; and

426 (B) dividing the difference determined under Subsection (2)(e)(ii)(A) by the value of
427 the vehicle at the beginning of the lease, as stated in the lease agreement.

428 (3) (a) The board shall:

429 (i) determine the amount of tax credit a claimant, estate, or trust is allowed under this
430 section; and

431 (ii) provide the claimant, estate, or trust with a written certification of the amount of
432 tax credit the claimant, estate, or trust is allowed under this section.

433 (b) A claimant, estate, or trust shall provide proof of the purchase or lease of an item
434 for which a tax credit is allowed under this section by:

435 (i) providing proof to the board in the form the board requires by rule;

436 (ii) receiving a written statement from the board acknowledging receipt of the proof;

437 and

438 (iii) retaining the written statement described in Subsection (3)(b)(ii).

439 (c) A claimant, estate, or trust shall retain the written certification described in

440 Subsection (3)(a)(ii).

441 (4) Except as provided by Subsection (5), the tax credit under this section is allowed

442 only:

443 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or

444 trust;

445 (b) for the taxable year in which a vehicle described in Subsection (2)(a) or (b) is

446 purchased, a vehicle described in Subsection (2)(e) is leased, or conversion equipment

447 described in Subsection (2)(c) or (d) is installed; and

448 (c) once per vehicle.

449 (5) A claimant, estate, or trust may not assign a tax credit under this section to another

450 person.

451 (6) If the amount of a tax credit claimed by a claimant, estate, or trust under this

452 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable

453 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period

454 that does not exceed the next five taxable years.

455 (7) In accordance with any rules prescribed by the commission under Subsection (8),

456 the commission shall transfer at least annually from the General Fund into the Education Fund

457 the amount by which the amount of tax credit claimed under this section for a taxable year

458 exceeds \$500,000.

459 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

460 commission may make rules for making a transfer from the General Fund into the Education

461 Fund as required by Subsection (7).

Legislative Review Note
as of 10-2-14 9:40 AM

Office of Legislative Research and General Counsel