

**CLEAN FUEL AMENDMENTS AND REBATES**

2015 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE**

**General Description:**

This bill creates the Conversion to Natural Gas Program.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ authorizes the Department of Environmental Quality to make grants from the Clean Fuels and Vehicle Technology Fund to a person who installs conversion equipment on a motor vehicle;
- ▶ describes the process for a person to apply for a grant to install conversion equipment on a motor vehicle;
- ▶ describes the amount of grant money the Director of the Division of Air Quality may award to a person who installs conversion equipment on a motor vehicle;
- ▶ grants rulemaking authority to the Air Quality Board; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

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

ENACTS:

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

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

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

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

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

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

35 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**  
36 **grants made with fund money.**

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

39 (b) The fund consists of:

40 (i) appropriations to the fund;

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

42 (iii) interest earnings on cash balances; and

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

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

46 (2) (a) The department may make a loan or a grant with money available in the fund  
47 [~~for~~]:

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

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

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

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

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

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

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

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

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

62 or

63 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of

64 any tax credit claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant  
65 is requested.

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

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

71 (3) The department may:

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

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

75 (i) the fund; or

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

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

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

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

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

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

85 **Part 3. Conversion to Natural Gas Grant Program**

86 **19-2-301. Title.**

87 This part is known as the "Conversion to Natural Gas Grant Program."

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

89 **19-2-302. Definitions.**

90 As used in this part:

91 (1) "Air quality standards" means vehicle emission standards equal to or greater than  
92 the standards established in bin 2 in Table S04-1 of 40 C.F.R. 86.1811-04(c)(6).

93 (2) "Alternative fuel" means:

94 (a) propane, natural gas, or electricity; or

95 (b) other fuel that the board determines, by rule, to be:

96 (i) at least as effective as reducing air pollution as the fuels listed in Subsection (2)(a);

97 or

98 (ii) substantially more effective in reducing air pollution as the fuel for which the  
99 engine was originally designed.

100 (3) "Board" means the Air Quality Board.

101 (4) "Clean fuel grant" means a grant awarded under Title 19, Chapter 1, Part 4, Clean  
102 Fuels and Vehicle Technology Program Act, for reimbursement for a portion of the incremental  
103 cost of an OEM vehicle or the cost of conversion equipment.

104 (5) "Conversion equipment" means equipment designed to:

105 (a) allow a motor vehicle to operate on an alternative fuel; and

106 (b) reduce a motor vehicle's emissions of regulated pollutants, as demonstrated by:

107 (i) certification of the conversion equipment by the Environmental Protection Agency  
108 or by a state or country that has certification standards that are recognized, by rule, by the  
109 board;

110 (ii) testing the motor vehicle, before and after the installation of the equipment, in  
111 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway  
112 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

113 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
114 19-1-406, satisfying the emission standards described in Section 19-1-406; or

115 (iv) any other test or standard recognized by board rule, made in accordance with Title  
116 63G, Chapter 3, Utah Administrative Rulemaking Act.

117 (6) "Cost" means the total reasonable cost of a conversion kit and the labor required to  
118 install it.

119 (7) "Director" means the director of the Division of Air Quality.

120 (8) "Division" means the Division of Air Quality, created in Subsection 19-1-105(1)(a).

121 (9) "Eligible vehicle" means a vehicle operated and, if applicable, registered in Utah.

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

123 **19-2-303. Grants and programs -- Conditions.**

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

- 126 (2) A person who installs conversion equipment on a motor vehicle:  
127 (a) may apply to the division for a grant to offset the cost of installation; and  
128 (b) shall pass along any savings on the cost of conversion equipment to the owner of  
129 the motor vehicle being converted in the amount of grant money received.
- 130 (3) As a condition for receiving the grant, a person who installs conversion equipment  
131 shall agree to:
- 132 (a) provide information to the division about the vehicle to be converted with the grant  
133 proceeds;
- 134 (b) allow inspections by the division to ensure compliance with the terms of the grant;  
135 and
- 136 (c) comply with the conditions for the grant.
- 137 (4) A grant issued under this section may not exceed the lesser of 50 percent the cost of  
138 the conversion system and associated labor, or \$2,500, per converted motor vehicle.
- 139 Section 5. Section **19-2-304** is enacted to read:
- 140 **19-2-304. Duties and authorities -- Rulemaking.**
- 141 (1) The board may, by following the procedures and requirements of Title 63G,  
142 Chapter 3, Utah Administrative Rulemaking Act, make rules:
- 143 (a) specifying the amount of money to be dedicated annually for grants under this part;  
144 (b) specifying criteria the director shall consider in prioritizing and awarding grants,  
145 including a limitation on the types of vehicles that are eligible for funds;
- 146 (c) specifying the minimum qualifications of a person who:
- 147 (i) installs conversion equipment on a motor vehicle; and  
148 (ii) receives a grant from the division;
- 149 (d) specifying the terms of a grant; and  
150 (e) requiring all grant applicants to apply on forms provided by the division.
- 151 (2) The division shall:
- 152 (a) administer funds to encourage vehicle owners to reduce emissions from vehicles;  
153 and
- 154 (b) provide information about which conversion technology meets the requirements of  
155 this part.
- 156 (3) The division may inspect vehicles for which a grant was made to ensure

157 compliance with the terms of the grant.