

Review of Income Tax Credits: Utah Clean Fuel Tax & Utah Natural Gas Heavy Duty Vehicle

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Revenue and Taxation Interim Committee
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ENVIRONMENTAL QUALITY

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Utah Clean Fuel Tax Credit

- ▶ The Utah Clean Fuel Tax Credit was established in 1992.
- ▶ Credit is set to expire on December 31, 2016
- ▶ Intent was to provide an incentive for taxpayers to
 - purchase a vehicle that was built by an original equipment manufacturer (OEM) to run one of the above fuels; or
 - convert their vehicles to run on electricity, natural gas, or propane.
- ▶ Incentives have changed over the years

Utah Clean Fuel Tax Credit– Past Incentives

- ▶ 1992– 2000
 - \$500 credit for Original Equipment Manufacturer (OEM) purchase or conversion

- ▶ 2001–2008
 - Up to \$3,000 credit for OEM natural gas vehicle purchase
 - Up to \$2,500 credit for conversion of vehicle
 - Up to \$1,000 credit for conversion of special mobile equipment

- ▶ 2009–2013
 - Up to \$2,500 credit for OEM natural gas vehicle purchase
 - Up to \$2,500 credit for conversion of vehicle
 - Up to \$1,000 credit for conversion of special mobile equipment
 - \$750 credit (2009–10) then changed to \$605 credit (2011–13) for the original purchase of a vehicle that meets Air Quality and Fuel Economy Standards

- ▶ 2014
 - Up to \$2,500 credit for OEM natural gas vehicle purchase
 - Up to \$2,500 credit for conversion of vehicle
 - Up to \$1,000 credit for special Mobile Equipment
 - \$605 credit for the original purchase of new qualifying electric or hybrid vehicle



Utah Clean Fuel Tax Credit– Current Incentives

Currently Available:

- Plug-in hybrid vehicle original purchases – \$1,000
- OEM Natural gas, propane, or electric vehicle original purchases – 35% of purchase price up to \$1,500
- Clean fuel conversions – 50% of conversion equipment cost, up to \$1,500
- Special equipment conversions – up to \$1,000
- Electric motorcycles – the lesser of \$750 or 35% of the purchase price
- Leased vehicles are also eligible on a prorated basis

Utah Clean Fuel Tax Credit– Process

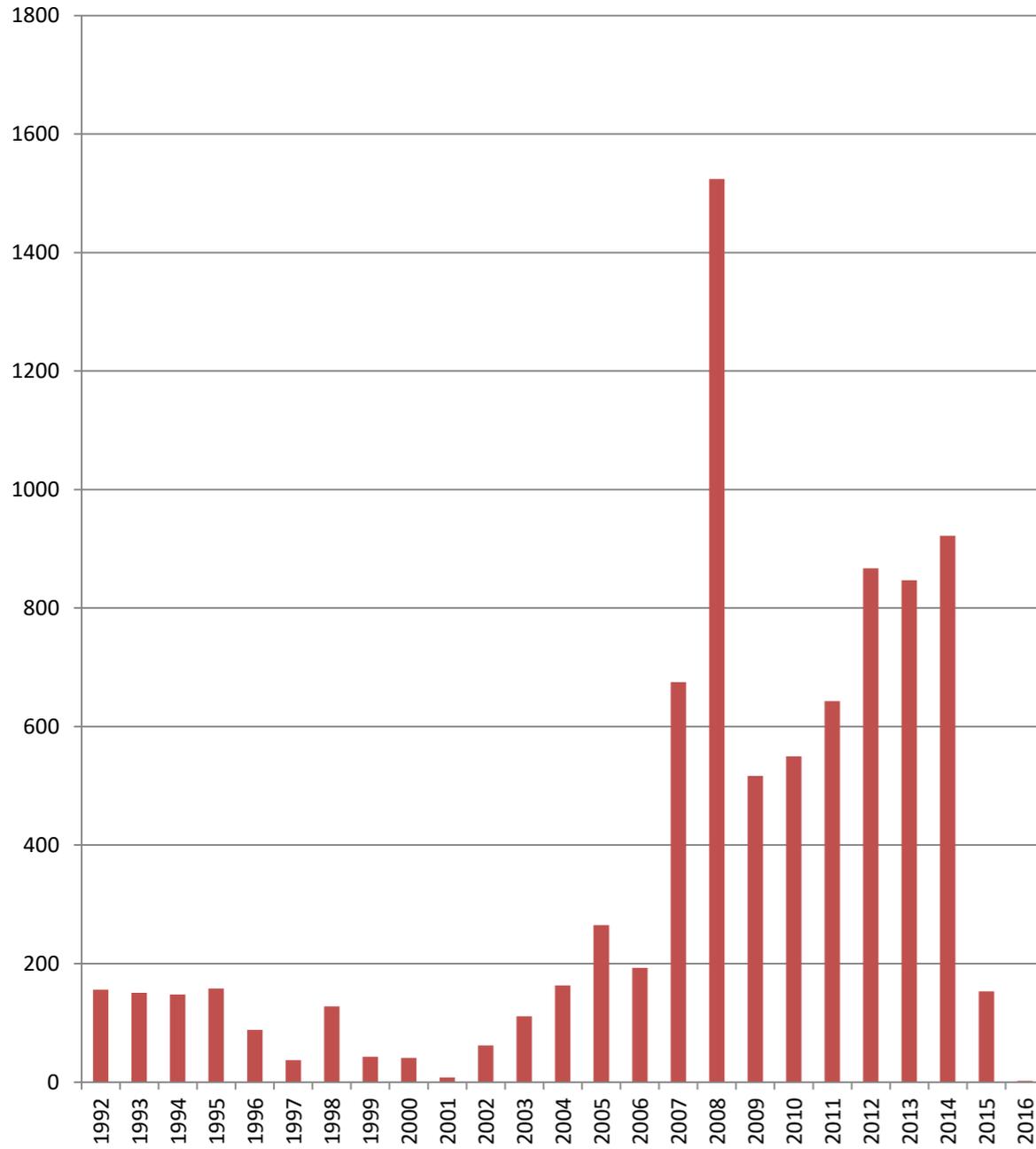
Process for Claiming Tax Credit

- ▶ Taxpayer completes tax form TC-40V
- ▶ Submits TC-40V and required documents to the Division of Air Quality
- ▶ The Division of Air Quality (DAQ) reviews TC-40V and Required Documents
 - DAQ approves the TC-40V and sends it back to the taxpayer; or
 - DAQ notifies the taxpayer if the form is incomplete or if there are any missing documents;
 - DAQ notifies the taxpayer if the credit was denied.
- ▶ The taxpayer will then claim the credit on their Utah Tax Return

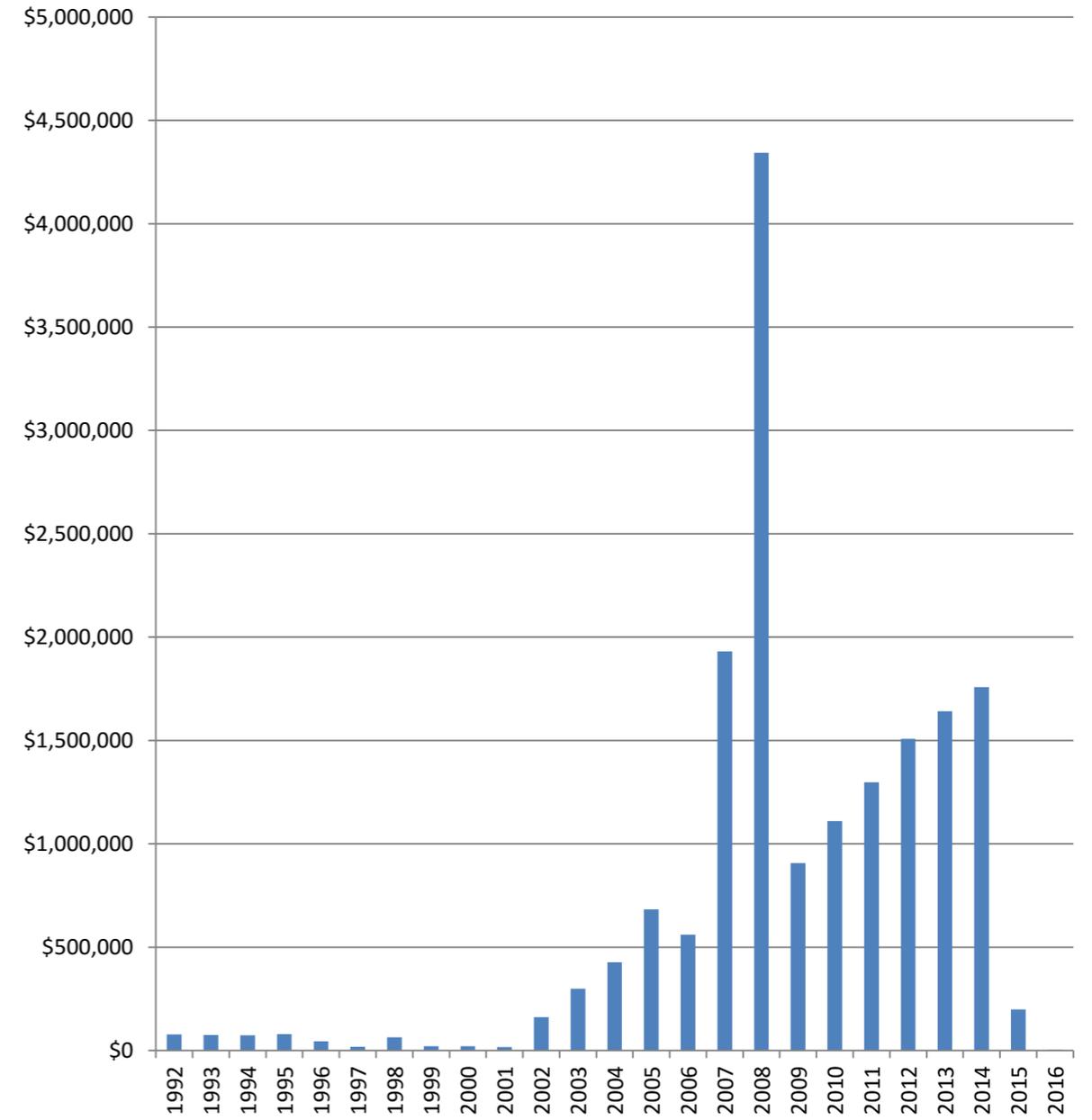


Utah Clean Fuel Tax Credit- Historical

Number of Credits Approved



Credits



Utah Clean Fuel Tax Credit

Utah Clean Fuel Tax Credit Current Five-years		
Tax Year	Number of Credits	Sum of Credits
2011	643	\$1,298,473
2012	867	\$1,507,294
2013	847	\$1,641,864
2014	922	\$1,757,926
2015	153	\$199,283



Utah Clean Fuel Tax Credit

Questions?



Utah Natural Gas Heavy Duty Vehicle Tax Credit

- ▶ Authorized during the 2015 General Legislative Session(HB15).
- ▶ Intent was to provide an incentive for the original purchase an Original Equipment Manufacturer (OEM) heavy duty natural gas vehicle.

Utah Natural Gas Heavy Duty Vehicle Tax Credit

- ▶ Aggregate annual limit of \$500,000
 - \$25,000 for 2015, 2016, 2017
 - \$20,000 for 2018
 - \$18,000 for 2019
 - \$15,000 for 2020
- ▶ 15 tax credits, equaling \$375,000, were authorized for tax year 2015

Utah Natural Gas Heavy Duty Vehicle Tax Credit–Requirements

Requirements

- ▶ Natural Gas, Heavy–Duty Vehicles
 - A class 7 or 8 vehicle
 - has never been titled or registered and has been driven less than 7,500 miles
 - is fueled by natural gas; and
 - meets air quality standards.

- ▶ 50% of vehicle miles traveled must occur in Utah

- ▶ Up to 10 tax credits allowed per taxpayer

Utah Natural Gas Heavy Duty Vehicle Tax Credit–Process

Process of Claiming Tax Credit

- ▶ Taxpayer applies to reserve a tax credit
- ▶ The DAQ notifies the taxpayer of the status of their application.
 - If the application is approved, the taxpayer is given 180 calendar days to provide the required documentation for final approval of the credit.
 - If the application is denied, a letter explaining the denial is sent.
- ▶ After the taxpayer provides the required documentation, the Division of Air Quality issues a “Certificate of Tax Credit” to the taxpayer.
- ▶ The taxpayer will then claim the credit on their Utah Tax Return.



Utah Natural Gas Heavy Duty Vehicle Tax Credit

Questions?

