

**Effective 1/1/2017**

**59-7-605 Definitions -- Tax credits related to energy efficient vehicles.**

(1) As used in this section:

- (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).
  - (b) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air Conservation Act.
  - (c) "OEM vehicle" means the same as that term is defined in Section 19-1-402.
  - (d) "Original purchase" means the purchase of a vehicle that has never been titled or registered and has been driven less than 7,500 miles.
  - (e) "Qualifying electric motorcycle" means a vehicle that:
    - (i) has a seat or saddle for the use of the rider;
    - (ii) is designed to travel with not more than three wheels in contact with the ground;
    - (iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;
    - (iv) is not fueled by natural gas;
    - (v) is fueled by electricity only; and
    - (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in Subsection (1)(e)(v).
  - (f) "Qualifying electric vehicle" means a vehicle that:
    - (i) meets air quality standards;
    - (ii) is not fueled by natural gas;
    - (iii) draws propulsion energy from a battery with at least 10 kilowatt hours of capacity; and
    - (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in Subsection (1)(f)(iii).
  - (g) "Qualifying plug-in hybrid vehicle" means a vehicle that:
    - (i) meets air quality standards;
    - (ii) is not fueled by natural gas or propane;
    - (iii) has a battery capacity that meets or exceeds the battery capacity described in Section 30D(b)(3), Internal Revenue Code; and
    - (iv) is fueled by a combination of electricity and:
      - (A) diesel fuel;
      - (B) gasoline; or
      - (C) a mixture of gasoline and ethanol.
- (2) For a taxable year beginning on or after January 1, 2015, but beginning on or before December 31, 2016, a taxpayer may claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in an amount equal to:
- (a)
    - (i) for the original purchase of a new qualifying electric vehicle that is registered in this state, the lesser of:
      - (A) \$1,500; or
      - (B) 35% of the purchase price of the vehicle; or
    - (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is registered in this state, \$1,000;
  - (b) for the original purchase of a new vehicle fueled by natural gas or propane that is registered in this state, the lesser of:
    - (i) \$1,500; or
    - (ii) 35% of the purchase price of the vehicle;

- (c) for the original purchase of a new qualifying electric motorcycle that is registered in this state, the lesser of:
    - (i) \$750; or
    - (ii) 35% of the purchase price of the vehicle; and
  - (d) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to the product of:
    - (i) the amount of tax credit the taxpayer would otherwise qualify to claim under Subsection (2)(a), (b), or (c) had the taxpayer purchased the vehicle, except that the purchase price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or (2)(c)(ii) is considered to be the value of the vehicle at the beginning of the lease; and
    - (ii) a percentage calculated by:
      - (A) determining the difference between the value of the vehicle at the beginning of the lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as stated in the lease agreement; and
      - (B) dividing the difference determined under Subsection (2)(d)(ii)(A) by the value of the vehicle at the beginning of the lease, as stated in the lease agreement.
- (3)
- (a) The board shall:
    - (i) determine the amount of tax credit a taxpayer is allowed under this section; and
    - (ii) provide the taxpayer with a written certification of the amount of tax credit the taxpayer is allowed under this section.
  - (b) A taxpayer shall provide proof of the purchase or lease of an item for which a tax credit is allowed under this section by:
    - (i) providing proof to the board in the form the board requires by rule;
    - (ii) receiving a written statement from the board acknowledging receipt of the proof; and
    - (iii) retaining the written statement described in Subsection (3)(b)(ii).
  - (c) A taxpayer shall retain the written certification described in Subsection (3)(a)(ii).
- (4) Except as provided by Subsection (5), the tax credit under this section is allowed only:
- (a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year by the taxpayer;
  - (b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is purchased or a vehicle described in Subsection (2)(d) is leased; and
  - (c) once per vehicle.
- (5) A taxpayer may not assign a tax credit under this section to another person.
- (6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year, the amount of the tax credit exceeding the tax liability may be carried forward for a period that does not exceed the next five taxable years.
- (7) In accordance with any rules prescribed by the commission under Subsection (8), the Division of Finance shall transfer at least annually from the General Fund into the Education Fund the amount by which the amount of tax credit claimed under this section for a fiscal year exceeds \$500,000.
- (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for making a transfer from the General Fund into the Education Fund as required by Subsection (7).

Amended by Chapter 369, 2016 General Session  
Amended by Chapter 375, 2016 General Session