

**CLEAN FUEL AMENDMENTS AND REBATES**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stephen G. Handy**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**Committee Note:**

The Natural Resources, Agriculture, and Environment Interim Committee recommended this bill.

**General Description:**

This bill creates the Conversion to Alternative Fuel Grant Program.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ amends definitions;
- ▶ 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



28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **19-1-403**, as last amended by Laws of Utah 2014, Chapter 295

33 **59-7-605**, as last amended by Laws of Utah 2014, Chapter 125

34 **59-10-1009**, as last amended by Laws of Utah 2014, Chapter 125

35 ENACTS:

36 **19-2-301**, Utah Code Annotated 1953

37 **19-2-302**, Utah Code Annotated 1953

38 **19-2-303**, Utah Code Annotated 1953

39 **19-2-304**, Utah Code Annotated 1953

40 **19-2-305**, Utah Code Annotated 1953



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

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

44 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**  
45 **grants made with fund money.**

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

48 (b) The fund consists of:

49 (i) appropriations to the fund;

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

51 (iii) interest earnings on cash balances; and

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

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

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

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

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

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

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

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

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

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

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

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

71 or

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

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

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

80 (3) The department may:

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

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

84 (i) the fund; or

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

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

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

89 (5) (a) Loans made from money in the fund shall be supported by loan documents

90 evidencing the intent of the borrower to repay the loan.

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

93 Section 2. Section 19-2-301 is enacted to read:

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

95 **19-2-301. Title.**

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

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

98 **19-2-302. Definitions.**

99 As used in this part:

100 (1) "Air quality standards" means vehicle emission standards equal to or greater than  
101 the standards established in bin 4 in Table S04-1 of 40 C.F.R. 86.1811-04(c)(6).

102 (2) "Alternative fuel" means:

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

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

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

106 or

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

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

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

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

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

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

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

119 (ii) testing the motor vehicle, before and after the installation of the equipment, in  
120 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway

121 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

122 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section

123 19-1-406, satisfying the emission standards described in Section 19-1-406; or

124 (iv) any other test or standard recognized by board rule, made in accordance with Title

125 63G, Chapter 3, Utah Administrative Rulemaking Act.

126 (6) "Cost" means the total reasonable cost of a conversion kit and the paid labor, if any,

127 required to install it.

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

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

130 (9) "Eligible vehicle" means a vehicle operated and registered in Utah.

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

132 **19-2-303. Grants and programs -- Conditions.**

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

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

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

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

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

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

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

144 and

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

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

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

149 **19-2-304. Duties and authorities -- Rulemaking.**

150 (1) The board may, by following the procedures and requirements of Title 63G,

151 Chapter 3, Utah Administrative Rulemaking Act, make rules:

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

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

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

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

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

157 (ii) receives a grant from the division;

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

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

160 (2) The division shall:

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

162 and

163 (b) provide information about which conversion technology meets the requirements of

164 this part.

165 (3) The division may inspect vehicles for which a grant was made to ensure

166 compliance with the terms of the grant.

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

168 **19-2-305. Limitation on applying for a tax credit.**

169 An owner of a motor vehicle who receives the savings on the cost of conversion  
170 equipment, as described in Subsection [19-2-303\(2\)\(b\)](#), may not claim a tax credit for the  
171 conversion under Section [59-7-605](#) or [59-10-1009](#) unless the savings are less than the tax credit  
172 authorized by those sections, in which case the owner may claim a tax credit in the amount of  
173 the difference.

174 Section 7. Section **59-7-605** is amended to read:

175 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

176 (1) As used in this section:

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

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

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

182 (i) a motor vehicle on which conversion equipment has been installed meets the

183 following criteria:

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

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

190 (ii) special mobile equipment on which conversion equipment has been installed has  
191 reduced emissions.

192 (d) "Clean fuel grant" means a grant awarded:

193 (i) under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program  
194 Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of  
195 conversion equipment[-]; or

196 (ii) under Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel Grant Program.

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

198 (f) "OEM vehicle" has the same meaning as in Section [19-1-402](#).

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

201 (h) "Qualifying electric vehicle" means a vehicle that:

202 (i) meets air quality standards;

203 (ii) is not fueled by natural gas;

204 (iii) is fueled by electricity only; and

205 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in  
206 Subsection (1)(h)(iii).

207 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:

208 (i) meets air quality standards;

209 (ii) is not fueled by natural gas or propane;

210 (iii) has a battery capacity that meets or exceeds the battery capacity described in  
211 Section 30D(b)(3), Internal Revenue Code; and

212 (iv) is fueled by a combination of electricity and:

213 (A) diesel fuel;

214 (B) gasoline; or  
215 (C) a mixture of gasoline and ethanol.

216 (j) "Reduced emissions" means:

217 (i) for purposes of a motor vehicle on which conversion equipment has been installed,  
218 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in  
219 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the  
220 conversion equipment, as demonstrated by:

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

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

226 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
227 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the  
228 emission standards applicable under Section 19-1-406; or

229 (D) any other test or standard recognized by board rule, made in accordance with Title  
230 63G, Chapter 3, Utah Administrative Rulemaking Act; or

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

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

237 (B) any other test or standard recognized by board rule, made in accordance with Title  
238 63G, Chapter 3, Utah Administrative Rulemaking Act.

239 (k) "Special mobile equipment":

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

242 (ii) includes construction or maintenance equipment.

243 (2) For the taxable year beginning on or after January 1, 2015, but beginning on or  
244 before December 31, 2015, a taxpayer may claim a tax credit against tax otherwise due under



245 this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay  
246 Corporate Franchise or Income Tax Act, in an amount equal to:

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

249 (A) \$1,500; or

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

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

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

255 (i) \$1,500; or

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

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

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

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

263 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act  
264 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

265 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special  
266 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum  
267 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to  
268 be fueled by:

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

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

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

272 or

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

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

276 product of:

277 (i) the amount of tax credit the taxpayer would otherwise qualify to claim under  
278 Subsection (2)(a) or (b) had the taxpayer purchased the vehicle, except that the purchase price  
279 described in Subsection (2)(a)(i)(B) or (2)(b)(ii) is considered to be the value of the vehicle at  
280 the beginning of the lease; and

281 (ii) a percentage calculated by:

282 (A) determining the difference between the value of the vehicle at the beginning of the  
283 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
284 stated in the lease agreement; and

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

287 (3) (a) The board shall:

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

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

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

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

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

295 and

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

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

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

299 only:

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

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

306 (c) once per vehicle.

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

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

313 (7) In accordance with any rules prescribed by the commission under Subsection (8),  
314 the commission shall transfer at least annually from the General Fund into the Education Fund  
315 the amount by which the amount of tax credit claimed under this section for a taxable year  
316 exceeds \$500,000.

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

320 Section 8. Section **59-10-1009** is amended to read:

321 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

322 (1) As used in this section:

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

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

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

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

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

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

336 (ii) special mobile equipment on which conversion equipment has been installed has  
337 reduced emissions.

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

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

343 (f) "OEM vehicle" has the same meaning as in Section [19-1-402](#).

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

346 (h) "Qualifying electric vehicle" means a vehicle that:

347 (i) meets air quality standards;

348 (ii) is not fueled by natural gas;

349 (iii) is fueled by electricity only; and

350 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in  
351 Subsection (1)(h)(iii).

352 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:

353 (i) meets air quality standards;

354 (ii) is not fueled by natural gas or propane;

355 (iii) has a battery capacity that meets or exceeds the battery capacity described in  
356 Section 30D(b)(3), Internal Revenue Code; and

357 (iv) is fueled by a combination of electricity and:

358 (A) diesel fuel;

359 (B) gasoline; or

360 (C) a mixture of gasoline and ethanol.

361 (j) "Reduced emissions" means:

362 (i) for purposes of a motor vehicle on which conversion equipment has been installed,  
363 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in  
364 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the  
365 conversion equipment, as demonstrated by:

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

368 (B) testing the motor vehicle, before and after installation of the conversion equipment,

369 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway  
370 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

371 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
372 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the  
373 emission standards applicable under Section 19-1-406; or

374 (D) any other test or standard recognized by board rule, made in accordance with Title  
375 63G, Chapter 3, Utah Administrative Rulemaking Act; or

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

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

382 (B) any other test or standard recognized by board rule, made in accordance with Title  
383 63G, Chapter 3, Utah Administrative Rulemaking Act.

384 (k) "Special mobile equipment":

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

387 (ii) includes construction or maintenance equipment.

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

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

393 (A) \$1,500; or

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

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

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

399 (i) \$1,500; or

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

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

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

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

407           (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act  
408 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

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

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

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

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

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

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

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

425           (ii) a percentage calculated by:

426           (A) determining the difference between the value of the vehicle at the beginning of the  
427 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
428 stated in the lease agreement; and

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

- 431 (3) (a) The board shall:
- 432 (i) determine the amount of tax credit a claimant, estate, or trust is allowed under this  
433 section; and
- 434 (ii) provide the claimant, estate, or trust with a written certification of the amount of  
435 tax credit the claimant, estate, or trust is allowed under this section.
- 436 (b) A claimant, estate, or trust shall provide proof of the purchase or lease of an item  
437 for which a tax credit is allowed under this section by:
- 438 (i) providing proof to the board in the form the board requires by rule;
- 439 (ii) receiving a written statement from the board acknowledging receipt of the proof;
- 440 and
- 441 (iii) retaining the written statement described in Subsection (3)(b)(ii).
- 442 (c) A claimant, estate, or trust shall retain the written certification described in  
443 Subsection (3)(a)(ii).
- 444 (4) Except as provided by Subsection (5), the tax credit under this section is allowed  
445 only:
- 446 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or  
447 trust;
- 448 (b) for the taxable year in which a vehicle described in Subsection (2)(a) or (b) is  
449 purchased, a vehicle described in Subsection (2)(e) is leased, or conversion equipment  
450 described in Subsection (2)(c) or (d) is installed; and
- 451 (c) once per vehicle.
- 452 (5) A claimant, estate, or trust may not assign a tax credit under this section to another  
453 person.
- 454 (6) If the amount of a tax credit claimed by a claimant, estate, or trust under this  
455 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable  
456 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period  
457 that does not exceed the next five taxable years.
- 458 (7) In accordance with any rules prescribed by the commission under Subsection (8),  
459 the commission shall transfer at least annually from the General Fund into the Education Fund  
460 the amount by which the amount of tax credit claimed under this section for a taxable year  
461 exceeds \$500,000.

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

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

**Office of Legislative Research and General Counsel**