

Representative Stephen G. Handy proposes the following substitute bill:

CLEAN FUEL CONVERSION AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen G. Handy

Senate Sponsor: Todd Weiler

LONG TITLE

General Description:

This bill amends the Conversion to Alternative Fuel Grant Program.

Highlighted Provisions:

This bill:

- ▶ creates the Conversion to Alternative Fuel Grant Program Fund;
- ▶ authorizes the Department of Environmental Quality to make grants from the Conversion to Alternative Fuel Grant Program Fund to a person who installs conversion equipment on an eligible vehicle;
- ▶ repeals tax credits for conversion equipment for vehicles on January 1, 2017;
- ▶ extends tax credits for certain vehicles until December 31, 2020; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the Conversion to Alternative Fuel Grant Program Fund, as a one-time appropriation:
 - from the General Fund, \$500,000.

Other Special Clauses:

None



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **19-1-403**, as last amended by Laws of Utah 2015, Chapter 381

29 **19-2-302**, as enacted by Laws of Utah 2015, Chapter 381

30 **19-2-303**, as enacted by Laws of Utah 2015, Chapter 381

31 **19-2-304**, as enacted by Laws of Utah 2015, Chapter 381

32 **59-7-605**, as last amended by Laws of Utah 2015, Chapters 381 and 439

33 **59-10-1009**, as last amended by Laws of Utah 2015, Chapters 381 and 439

34 **63I-2-219**, as last amended by Laws of Utah 2015, Chapter 258

35 **63I-2-259**, as last amended by Laws of Utah 2015, Chapter 139

36 ENACTS:

37 **19-1-403.3**, Utah Code Annotated 1953



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

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

41 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**
42 **grants made with fund money.**

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

45 (b) The fund consists of:

46 (i) appropriations to the fund;

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

48 (iii) interest earnings on cash balances; and

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

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

52 (2) (a) The department may make a loan or a grant with money available in the fund
53 for:

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

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

57 government vehicle[; or].

58 ~~[(iii) to a person who installs conversion equipment on an eligible vehicle, as described~~
59 ~~in Sections 19-2-301 through 19-2-304.]~~

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

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

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

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

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

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

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

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

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

77 (3) The department may:

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

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

81 (i) the fund; or

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

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

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

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

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

90 Section 2. Section **19-1-403.3** is enacted to read:

91 **19-1-403.3. Conversion to Alternative Fuel Grant Program Fund -- Contents --**
92 **Grants made with fund money.**

93 (1) (a) There is created an expendable special revenue fund known as the Conversion
94 to Alternative Fuel Grant Program Fund.

95 (b) The fund consists of:

96 (i) appropriations to the fund;

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

98 (iii) interest earnings on cash balances.

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

101 (2) The department may make a grant with money available in the fund to a person
102 who installs conversion equipment on an eligible vehicle, as described in Sections [19-2-301](#)
103 through [19-2-304](#).

104 (3) The department may:

105 (a) establish an application fee for a grant from the fund by following the procedures
106 and requirements of Section [63J-1-504](#); and

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

108 (i) the fund; or

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

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

111 (b) Interest on cash balances in excess of the amount necessary to maintain the fund
112 balance at \$10,000,000 shall be deposited into the General Fund.

113 Section 3. Section **19-2-302** is amended to read:

114 **19-2-302. Definitions.**

115 As used in this part:

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

118 (2) "Alternative fuel" means:

- 119 (a) propane, natural gas, or electricity; or
120 (b) other fuel that the board determines, by rule, to be:
121 (i) at least as effective in reducing air pollution as the fuels listed in Subsection (2)(a);
122 or
123 (ii) substantially more effective in reducing air pollution as the fuel for which the
124 engine was originally designed.
125 (3) "Board" means the Air Quality Board.
126 (4) "Clean fuel grant" means a grant awarded under [~~Title 19, Chapter 1, Part 4, Clean~~
127 ~~Fuels and Vehicle Technology Program Act,~~] this part from the Conversion to Alternative Fuel
128 Grant Program Fund created in Section 19-1-403.3 for reimbursement for a portion of the
129 incremental cost of an OEM vehicle or the cost of conversion equipment.
130 (5) "Conversion equipment" means equipment designed to:
131 (a) allow an eligible vehicle to operate on an alternative fuel; and
132 (b) reduce an eligible vehicle's emissions of regulated pollutants, as demonstrated by:
133 (i) certification of the conversion equipment by the Environmental Protection Agency
134 or by a state or country that has certification standards that are recognized, by rule, by the
135 board;
136 (ii) testing the eligible vehicle, before and after the installation of the equipment, in
137 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway
138 Vehicles and Engines, using all fuel the motor vehicle is capable of using;
139 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section
140 19-1-406, satisfying the emission standards described in Section 19-1-406; or
141 (iv) any other test or standard recognized by board rule, made in accordance with Title
142 63G, Chapter 3, Utah Administrative Rulemaking Act.
143 (6) "Cost" means the total reasonable cost of a conversion kit and the paid labor, if any,
144 required to install it.
145 (7) "Director" means the director of the Division of Air Quality.
146 (8) "Division" means the Division of Air Quality, created in Subsection 19-1-105(1)(a).
147 (9) "Eligible vehicle" means a:
148 (a) commercial vehicle, as defined in Section 41-1a-102;
149 (b) farm tractor, as defined in Section 41-1a-102; or

150 (c) motor vehicle, as defined in Section [41-1a-102](#).

151 Section 4. Section **19-2-303** is amended to read:

152 **19-2-303. Grants and programs -- Conditions.**

153 (1) The director may make grants from the Conversion to Alternative Fuel Grant
154 Program Fund created in Section [19-1-403.3](#) to a person who installs conversion equipment on
155 an eligible vehicle as described in this part.

156 (2) A person who installs conversion equipment on an eligible vehicle:

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

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

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

162 (a) provide information to the division about the eligible vehicle to be converted with
163 the grant proceeds;

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

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

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

169 Section 5. Section **19-2-304** is amended to read:

170 **19-2-304. Duties and authorities -- Rulemaking.**

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

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

174 (b) specifying criteria the director shall consider in prioritizing and awarding grants,
175 including a limitation on the types of vehicles that are eligible for funds;

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

177 (i) installs conversion equipment on an eligible vehicle; and

178 (ii) receives a grant from the division;

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

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

181 (2) The division shall:

182 (a) administer [~~funds~~] the Conversion to Alternative Fuel Grant Program Fund to
183 encourage eligible vehicle owners to reduce emissions from eligible vehicles; and

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

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

188 Section 6. Section **59-7-605** is amended to read:

189 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

190 (1) As used in this section:

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

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

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

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

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

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

204 (ii) special mobile equipment on which conversion equipment has been installed has
205 reduced emissions.

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

207 (i) under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program
208 Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of
209 conversion equipment; or

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

211 (e) "Conversion equipment" means equipment described in Subsection (2)(d) or (e).

- 212 (f) "OEM vehicle" has the same meaning as in Section 19-1-402.
- 213 (g) "Original purchase" means the purchase of a vehicle that has never been titled or
214 registered and has been driven less than 7,500 miles.
- 215 (h) "Qualifying electric motorcycle" means a vehicle that:
 - 216 (i) has a seat or saddle for the use of the rider;
 - 217 (ii) is designed to travel with not more than three wheels in contact with the ground;
 - 218 (iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;
 - 219 (iv) is not fueled by natural gas;
 - 220 (v) is fueled by electricity only; and
 - 221 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in
222 Subsection (1)(h)(v).
- 223 (i) "Qualifying electric vehicle" means a vehicle that:
 - 224 (i) meets air quality standards;
 - 225 (ii) is not fueled by natural gas;
 - 226 (iii) ~~[is fueled by electricity only]~~ draws propulsion energy from a battery with at least
227 10 kilowatt hours of capacity; and
 - 228 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in
229 Subsection (1)(i)(iii).
- 230 (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:
 - 231 (i) meets air quality standards;
 - 232 (ii) is not fueled by natural gas or propane;
 - 233 (iii) has a battery capacity that meets or exceeds the battery capacity described in
234 Section 30D(b)(3), Internal Revenue Code; and
 - 235 (iv) is fueled by a combination of electricity and:
 - 236 (A) diesel fuel;
 - 237 (B) gasoline; or
 - 238 (C) a mixture of gasoline and ethanol.
 - 239 (k) "Reduced emissions" means:
 - 240 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
241 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in
242 Subsection (2)(e)(i) or (ii), is less than the emissions were before the installation of the

243 conversion equipment, as demonstrated by:

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

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

249 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
250 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
251 emission standards applicable under Section 19-1-406; or

252 (D) any other test or standard recognized by board rule, made in accordance with Title
253 63G, Chapter 3, Utah Administrative Rulemaking Act; or

254 (ii) for purposes of special mobile equipment on which conversion equipment has been
255 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
256 on a fuel listed in Subsection (2)(e)(i) or (ii), is less than the emissions were before the
257 installation of conversion equipment, as demonstrated by:

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

260 (B) any other test or standard recognized by board rule, made in accordance with Title
261 63G, Chapter 3, Utah Administrative Rulemaking Act.

262 (l) "Special mobile equipment":

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

265 (ii) includes construction or maintenance equipment.

266 (2) For the taxable years beginning on or after January 1, 2015, but beginning on or
267 before December 31, ~~2016~~ 2020, a taxpayer may claim a tax credit against tax otherwise due
268 under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to
269 Pay Corporate Franchise or Income Tax Act, in an amount equal to:

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

272 (A) \$1,500; or

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

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

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

278 (i) \$1,500; or
279 (ii) 35% of the purchase price of the vehicle;

280 (c) for the original purchase of a new qualifying electric motorcycle that is registered in
281 this state, the lesser of:

282 (i) \$750; or
283 (ii) 35% of the purchase price of the vehicle;

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

287 (i) be fueled by propane, natural gas, or electricity;
288 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at
289 least as effective in reducing air pollution as fuels under Subsection (2)(d)(i); or
290 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act
291 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

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

296 (i) propane, natural gas, or electricity; or
297 (ii) other fuel the board determines annually on or before July 1 to be:

298 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(e)(i);
299 or

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

302 (f) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to
303 the product of:

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

305 Subsection (2)(a), (b), or (c) had the taxpayer purchased the vehicle, except that the purchase
306 price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or (2)(c)(ii) is considered to be the value
307 of the vehicle at the beginning of the lease; and

308 (ii) a percentage calculated by:

309 (A) determining the difference between the value of the vehicle at the beginning of the
310 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
311 stated in the lease agreement; and

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

314 (3) (a) The board shall:

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

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

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

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

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

322 and

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

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

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

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

330 (b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is
331 purchased, a vehicle described in Subsection (2)(f) is leased, or conversion equipment
332 described in Subsection (2)(d) or (e) is installed; and

333 (c) once per vehicle.

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

335 (6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the

336 taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain
337 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year,
338 the amount of the tax credit exceeding the tax liability may be carried forward for a period that
339 does not exceed the next five taxable years.

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

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

347 Section 7. Section **59-10-1009** is amended to read:

348 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

349 (1) As used in this section:

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

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

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

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

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

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

363 (ii) special mobile equipment on which conversion equipment has been installed has
364 reduced emissions.

365 (d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19,
366 Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act or Title 19, Chapter 2,

367 Part 3, Conversion to Alternative Fuel Grant Program, for reimbursement of a portion of the
368 incremental cost of the OEM vehicle or the cost of conversion equipment.

369 (e) "Conversion equipment" means equipment described in Subsection (2)(d) or (e).

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

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

373 (h) "Qualifying electric motorcycle" means a vehicle that:

374 (i) has a seat or saddle for the use of the rider;

375 (ii) is designed to travel with not more than three wheels in contact with the ground;

376 (iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;

377 (iv) is not fueled by natural gas;

378 (v) is fueled by electricity only; and

379 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in

380 Subsection (1)(h)(v).

381 (i) "Qualifying electric vehicle" means a vehicle that:

382 (i) meets air quality standards;

383 (ii) is not fueled by natural gas;

384 (iii) ~~is fueled by electricity only~~ draws propulsion energy from a battery with at least
385 10 kilowatt hours of capacity; and

386 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in

387 Subsection (1)(i)(iii).

388 (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:

389 (i) meets air quality standards;

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

391 (iii) has a battery capacity that meets or exceeds the battery capacity described in

392 Section 30D(b)(3), Internal Revenue Code; and

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

394 (A) diesel fuel;

395 (B) gasoline; or

396 (C) a mixture of gasoline and ethanol.

397 (k) "Reduced emissions" means:

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

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

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

407 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
408 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
409 emission standards applicable under Section 19-1-406; or

410 (D) any other test or standard recognized by board rule, made in accordance with Title
411 63G, Chapter 3, Utah Administrative Rulemaking Act; or

412 (ii) for purposes of special mobile equipment on which conversion equipment has been
413 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
414 on a fuel listed in Subsection (2)(e)(i) or (ii), is less than the emissions were before the
415 installation of conversion equipment, as demonstrated by:

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

418 (B) any other test or standard recognized by board rule, made in accordance with Title
419 63G, Chapter 3, Utah Administrative Rulemaking Act.

420 (l) "Special mobile equipment":

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

423 (ii) includes construction or maintenance equipment.

424 (2) For the taxable years beginning on or after January 1, 2015, but beginning on or
425 before December 31, [2016] 2020, a claimant, estate, or trust may claim a nonrefundable tax
426 credit against tax otherwise due under this chapter in an amount equal to:

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

- 429 (A) \$1,500; or
- 430 (B) 35% of the purchase price of the vehicle; or
- 431 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is
- 432 registered in this state, \$1,000;
- 433 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is
- 434 registered in this state, the lesser of:
 - 435 (i) \$1,500; or
 - 436 (ii) 35% of the purchase price of the vehicle;
- 437 (c) for the original purchase of a new qualifying electric motorcycle that is registered in
- 438 this state, the lesser of:
 - 439 (i) \$750; or
 - 440 (ii) 35% of the purchase price of the vehicle;
- 441 (d) 50% of the cost of equipment for conversion, if certified by the board, of a motor
- 442 vehicle registered in this state minus the amount of any clean fuel grant received, up to a
- 443 maximum tax credit of \$1,500 per vehicle, if the motor vehicle:
 - 444 (i) is to be fueled by propane, natural gas, or electricity;
 - 445 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be
 - 446 at least as effective in reducing air pollution as fuels under Subsection (2)(d)(i); or
 - 447 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act
 - 448 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;
- 449 (e) 50% of the cost of equipment for conversion, if certified by the board, of a special
- 450 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum
- 451 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to
- 452 be fueled by:
 - 453 (i) propane, natural gas, or electricity; or
 - 454 (ii) other fuel the board determines annually on or before July 1 to be:
 - 455 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(e)(i);
 - 456 or
 - 457 (B) substantially more effective in reducing air pollution than the fuel for which the
 - 458 engine was originally designed; and
 - 459 (f) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to

460 the product of:

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

465 (ii) a percentage calculated by:

466 (A) determining the difference between the value of the vehicle at the beginning of the
467 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
468 stated in the lease agreement; and

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

471 (3) (a) The board shall:

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

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

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

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

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

480 and

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

482 (c) A claimant, estate, or trust shall retain the written certification described in
483 Subsection (3)(a)(ii).

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

486 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or
487 trust;

488 (b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is
489 purchased, a vehicle described in Subsection (2)(f) is leased, or conversion equipment
490 described in Subsection (2)(d) or (e) is installed; and

491 (c) once per vehicle.

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

494 (6) If the amount of a tax credit claimed by a claimant, estate, or trust under this
495 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable
496 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period
497 that does not exceed the next five taxable years.

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

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

505 Section 8. Section **63I-2-219** is amended to read:

506 **63I-2-219. Repeal dates -- Title 19.**

507 (1) Subsection 19-1-403(2)(c)(i), the language that states "minus the amount of any tax
508 credit claimed under Section 59-7-605 or 59-10-1009" is repealed on January 1, 2017.

509 (2) Subsection 19-1-403(2)(c)(ii), the language that states "minus the amount of any
510 tax credit claimed under Section 59-7-605 or 59-10-1009" is repealed on January 1, 2017.

511 Section 9. Section **63I-2-259** is amended to read:

512 **63I-2-259. Repeal dates -- Title 59.**

513 [~~(1) Subsection 59-2-919(10) is repealed December 31, 2015.~~]

514 [~~(2) Subsection 59-2-919.1(4) is repealed December 31, 2015.~~]

515 [~~(3)~~] (1) Subsection 59-2-1007(14) is repealed on December 31, 2018.

516 (2) Subsections 59-7-605(1)(c), (d), (e), and (k) are repealed on December 31, 2016.

517 (3) Subsections 59-7-605(2)(d) and (e) are repealed on December 31, 2016.

518 (4) Subsection 59-7-605(4)(b), the language stating, ", or conversion equipment
519 described in Subsection (2)(d) or (e) is installed" is repealed on December 31, 2016.

520 (5) Subsections 59-10-1009(1)(c), (d), (e), and (k) are repealed on December 31, 2016.

521 (6) Subsections 59-10-1009(2)(d) and (e) are repealed on December 31, 2016.

522 (7) Subsection 59-10-1009(4)(b), the language stating, ", or conversion equipment
523 described in Subsection (2)(d) or (e) is installed" is repealed on December 31, 2016.

524 (8) On December 31, 2016, when making the changes in this section, the Office of
525 Legislative Research and General Counsel shall, in addition to its authority under Subsection
526 36-12-12(3), make corrections necessary to ensure that sections and subsections identified in
527 this section are complete sentences and accurately reflect the office's perception of the
528 Legislature's intent.

529 **Section 10. Appropriation.**

530 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
531 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money
532 are appropriated from resources not otherwise appropriated, or reduced from amounts
533 previously appropriated, out of the funds or amounts indicated. These sums of money are in
534 addition to amounts previously appropriated for fiscal year 2017.

535 To the Department of Environmental Quality, Conversion to Alternative Fuel Grant
536 Program Fund

537 From General Fund, One-time \$500,000

538 Schedule of Programs:

539 Conversion to Alternative Fuel Grant Program Fund \$500,000

540 The Legislature intends that the appropriation under this section be used by the Division
541 of Air Quality to provide grants to an individual who installs conversion equipment on an
542 eligible vehicle, as described by Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel
543 Grant Program. The Legislature intends that, under Section 63J-1-603, appropriations under
544 this section not lapse at the close of fiscal year 2017.