

**TAX CREDIT FOR ALTERNATIVE FUEL HEAVY DUTY  
VEHICLES**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Andrew Stoddard**

Senate Sponsor: Lincoln Fillmore

Cosponsors: Steve Waldrip

Suzanne Harrison

---

---

**LONG TITLE**

**General Description:**

This bill reenacts a tax credit related to certain alternative fuel heavy duty vehicles.

**Highlighted Provisions:**

This bill:

- ▶ reenacts and extends the availability of an income tax credit related to certain alternative fuel heavy duty vehicles; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

**63I-1-259**, as last amended by Laws of Utah 2020, Chapter 332

ENACTS:

**59-7-618.1**, Utah Code Annotated 1953

**59-10-1033.1**, Utah Code Annotated 1953

---

---

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

30 Section 1. Section **59-7-618.1** is enacted to read:

31 **59-7-618.1. Tax credit related to alternative fuel heavy duty vehicles.**

32 (1) As used in this section:

33 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air  
34 Conservation Act.

35 (b) "Director" means the director of the Division of Air Quality appointed under  
36 Section [19-2-107](#).

37 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to  
38 vehicle classifications established by the Federal Highway Administration.

39 (d) "Natural gas" includes compressed natural gas and liquified natural gas.

40 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:

41 (i) has never been titled or registered and has been driven less than 7,500 miles; and

42 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric  
43 drivetrain.

44 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

45 (g) "Qualified taxpayer" means a taxpayer that:

46 (i) purchases a qualified heavy duty vehicle; and

47 (ii) receives a tax credit certificate from the director.

48 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and  
49 owned by a single taxpayer.

50 (i) "Tax credit certificate" means a certificate issued by the director certifying that a  
51 taxpayer is entitled to a tax credit as provided in this section and stating the amount of the tax  
52 credit.

53 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise  
54 due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required  
55 to Pay Corporate Franchise or Income Tax Act:

56 (a) in an amount equal to:

57           (i) \$15,000, if the qualified purchase occurs during calendar year 2021;  
58           (ii) \$13,500, if the qualified purchase occurs during calendar year 2022;  
59           (iii) \$12,000, if the qualified purchase occurs during calendar year 2023;  
60           (iv) \$10,500, if the qualified purchase occurs during calendar year 2024;  
61           (v) \$9,000, if the qualified purchase occurs during calendar year 2025;  
62           (vi) \$7,500, if the qualified purchase occurs during calendar year 2026;  
63           (vii) \$6,000, if the qualified purchase occurs during calendar year 2027;  
64           (viii) \$4,500, if the qualified purchase occurs during calendar year 2028;  
65           (ix) \$3,000, if the qualified purchase occurs during calendar year 2029; and  
66           (x) \$1,500, if the qualified purchase occurs during calendar year 2030; and  
67           (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the  
68 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be  
69 within the state.

70           (3) (a) Except as provided in Subsection (3)(b), a taxpayer may not submit an  
71 application for, and the director may not issue to the taxpayer, a tax credit certificate under this  
72 section in any taxable year for a qualified purchase if the director has already issued tax credit  
73 certificates to the taxpayer for 10 qualified purchases in the same taxable year.

74           (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of  
75 tax credits under Subsection (5) has not been claimed, a taxpayer may submit an application  
76 for, and the director may issue to the taxpayer, one or more tax credit certificates for up to eight  
77 additional qualified purchases, even if the director has already issued to that taxpayer tax credit  
78 certificates for the maximum number of qualified purchases allowed under Subsection (3)(a).

79           (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits  
80 available under this section for qualified taxpayers with a small fleet.

81           (b) Subsection (4)(a) does not prevent a taxpayer from submitting an application for, or  
82 the director from issuing, a tax credit certificate if, before October 1, qualified taxpayers with a  
83 small fleet have not reserved under Subsection (5)(b) tax credits for the full amount reserved  
84 under Subsection (4)(a).

85           (5) (a) The aggregate annual total amount of tax credits represented by tax credit  
86 certificates that the director issues under this section and Section [59-10-1033.1](#) may not exceed  
87 \$500,000.

88           (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
89 Rulemaking Act, make rules to establish a process under which a taxpayer may reserve a  
90 potential tax credit under this section for a limited time to allow the taxpayer to make a  
91 qualified purchase with the assurance that the aggregate limit under Subsection (5)(a) will not  
92 be met before the taxpayer is able to submit an application for a tax credit certificate.

93           (6) (a) (i) A taxpayer wishing to claim a tax credit under this section shall, using forms  
94 the board requires by rule:

95           (A) submit to the director an application for a tax credit;

96           (B) provide the director proof of a qualified purchase; and

97           (C) submit to the director the certification under oath required under Subsection (2)(b).

98           (ii) Upon receiving the application, proof, and certification required under Subsection  
99 (6)(a)(i), the director shall provide the taxpayer a written statement from the director  
100 acknowledging receipt of the proof.

101           (b) If the director determines that a taxpayer qualifies for a tax credit under this section,  
102 the director shall:

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

104           (ii) provide the taxpayer with a written tax credit certificate:

105           (A) stating that the taxpayer has qualified for a tax credit; and

106           (B) showing the amount of tax credit for which the taxpayer has qualified under this  
107 section.

108           (c) A qualified taxpayer shall retain the tax credit certificate.

109           (d) The director shall at least annually submit to the commission a list of all qualified  
110 taxpayers to which the director has issued a tax credit certificate and the amount of each tax  
111 credit represented by the tax credit certificates.

112           (7) The tax credit under this section is allowed only:

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

116 (b) for the taxable year in which the qualified purchase occurs; and

117 (c) once per vehicle.

118 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this  
119 section to another person.

120 (9) If the qualified taxpayer receives a tax credit certificate under this section that  
121 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this  
122 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay  
123 Corporate Franchise or Income Tax Act, for a taxable year, the qualified taxpayer may carry  
124 forward the amount of the tax credit that exceeds the tax liability for a period that does not  
125 exceed the next five taxable years.

126 Section 2. Section **59-10-1033.1** is enacted to read:

127 **59-10-1033.1. Tax credit related to alternative fuel heavy duty vehicles.**

128 (1) As used in this section:

129 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air  
130 Conservation Act.

131 (b) "Director" means the director of the Division of Air Quality appointed under  
132 Section [19-2-107](#).

133 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to  
134 vehicle classifications established by the Federal Highway Administration.

135 (d) "Natural gas" includes compressed natural gas and liquified natural gas.

136 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:

137 (i) has never been titled or registered and has been driven less than 7,500 miles; and

138 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric  
139 drivetrain.

140 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

141 (g) "Qualified taxpayer" means a claimant, estate, or trust that:

142 (i) purchases a qualified heavy duty vehicle; and

143 (ii) receives a tax credit certificate from the director.

144 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and  
145 owned by a single claimant, estate, or trust.

146 (i) "Tax credit certificate" means a certificate issued by the director certifying that a  
147 claimant, estate, or trust is entitled to a tax credit as provided in this section and stating the  
148 amount of the tax credit.

149 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise  
150 due under this chapter:

151 (a) in an amount equal to:

152 (i) \$15,000, if the qualified purchase occurs during calendar year 2021;

153 (ii) \$13,500, if the qualified purchase occurs during calendar year 2022;

154 (iii) \$12,000, if the qualified purchase occurs during calendar year 2023;

155 (iv) \$10,500, if the qualified purchase occurs during calendar year 2024;

156 (v) \$9,000, if the qualified purchase occurs during calendar year 2025;

157 (vi) \$7,500, if the qualified purchase occurs during calendar year 2026;

158 (vii) \$6,000, if the qualified purchase occurs during calendar year 2027;

159 (viii) \$4,500, if the qualified purchase occurs during calendar year 2028;

160 (ix) \$3,000, if the qualified purchase occurs during calendar year 2029; and

161 (x) \$1,500, if the qualified purchase occurs during calendar year 2030; and

162 (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the  
163 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be  
164 within the state.

165 (3) (a) Except as provided in Subsection (3)(b), a claimant, estate, or trust may not  
166 submit an application for, and the director may not issue to the claimant, estate, or trust, a tax  
167 credit certificate under this section in any taxable year for a qualified purchase if the director  
168 has already issued tax credit certificates to the claimant, estate, or trust for 10 qualified

169 purchases in the same taxable year.

170 (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of  
171 tax credits under Subsection (5) has not been claimed, a claimant, estate, or trust may submit  
172 an application for, and the director may issue to the claimant, estate, or trust, one or more tax  
173 credit certificates for up to eight additional qualified purchases, even if the director has already  
174 issued to that claimant, estate, or trust tax credit certificates for the maximum number of  
175 qualified purchases allowed under Subsection (3)(a).

176 (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits  
177 available under this section for qualified taxpayers with a small fleet.

178 (b) Subsection (4)(a) does not prevent a claimant, estate, or trust from submitting an  
179 application for, or the director from issuing, a tax credit certificate if, before October 1,  
180 qualified taxpayers with a small fleet have not reserved under Subsection (5)(b) tax credits for  
181 the full amount reserved under Subsection (4)(a).

182 (5) (a) The aggregate annual total amount of tax credits represented by tax credit  
183 certificates that the director issues under this section and Section [59-7-618.1](#) may not exceed  
184 \$500,000.

185 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative  
186 Rulemaking Act, make rules to establish a process under which a claimant, estate, or trust may  
187 reserve a potential tax credit under this section for a limited time to allow the claimant, estate,  
188 or trust to make a qualified purchase with the assurance that the aggregate limit under  
189 Subsection (5)(a) will not be met before the claimant, estate, or trust is able to submit an  
190 application for a tax credit certificate.

191 (6) (a) (i) A claimant, estate, or trust wishing to claim a tax credit under this section  
192 shall, using forms the board requires by rule:

193 (A) submit to the director an application for a tax credit;

194 (B) provide the director proof of a qualified purchase; and

195 (C) submit to the director the certification under oath required under Subsection (2)(b).

196 (ii) Upon receiving the application, proof, and certification required under Subsection

197 (6)(a)(i), the director shall provide the claimant, estate, or trust a written statement from the  
198 director acknowledging receipt of the proof.

199 (b) If the director determines that a claimant, estate, or trust qualifies for a tax credit  
200 under this section, the director shall:

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

203 (ii) provide the claimant, estate, or trust with a written tax credit certificate:

204 (A) stating that the claimant, estate, or trust has qualified for a tax credit; and

205 (B) showing the amount of tax credit for which the claimant, estate, or trust has  
206 qualified under this section.

207 (c) A qualified taxpayer shall retain the tax credit certificate.

208 (d) The director shall at least annually submit to the commission a list of all qualified  
209 taxpayers to which the director has issued a tax credit certificate and the amount of each tax  
210 credit represented by the tax credit certificates.

211 (7) The tax credit under this section is allowed only:

212 (a) against a tax owed under this chapter in the taxable year by the qualified taxpayer;

213 (b) for the taxable year in which the qualified purchase occurs; and

214 (c) once per vehicle.

215 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this  
216 section to another person.

217 (9) If the qualified taxpayer receives a tax credit certificate under this section that  
218 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this  
219 chapter for a taxable year, the qualified taxpayer may carry forward the amount of the tax credit  
220 that exceeds the tax liability for a period that does not exceed the next five taxable years.

221 Section 3. Section **63I-1-259** is amended to read:

222 **63I-1-259. Repeal dates, Title 59.**

223 (1) Section **59-1-213.1** is repealed on May 9, 2024.

224 (2) Section **59-1-213.2** is repealed on May 9, 2024.



- 225 (3) Subsection [59-1-405\(1\)\(g\)](#) is repealed on May 9, 2024.
- 226 (4) Subsection [59-1-405\(2\)\(b\)](#) is repealed on May 9, 2024.
- 227 [~~(5) Section [59-7-618](#) is repealed July 1, 2020.~~]
- 228 (5) Section [59-7-618.1](#) is repealed July 1, 2029.
- 229 (6) Section [59-9-102.5](#) is repealed December 31, 2030.
- 230 [~~(7) Section [59-10-1033](#) is repealed July 1, 2020.~~]
- 231 (7) Section [59-10-1033.1](#) is repealed July 1, 2029.
- 232 (8) Subsection [59-12-2219\(13\)](#), which addresses new revenue supplanting existing  
233 allocations, is repealed on June 30, 2020.
- 234 (9) Title 59, Chapter 28, State Transient Room Tax Act, is repealed on January 1,  
235 2023.
- 236 Section 4. **Retrospective operation.**
- 237 This bill has retrospective operation for a taxable year beginning on or after January 1,  
238 2021.