

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

3 2021 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Andrew Stoddard**

6 Senate Sponsor: Lincoln Fillmore

8 **LONG TITLE**

9 **General Description:**

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

11 **Highlighted Provisions:**

12 This bill:

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

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 None

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **63I-1-259**, as last amended by Laws of Utah 2020, Chapter 332

23 ENACTS:

24 **59-7-618.1**, Utah Code Annotated 1953

25 **59-10-1033.1**, Utah Code Annotated 1953

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



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

29 **59-7-618.1. Tax credit related to alternative fuel heavy duty vehicles.**

30 (1) As used in this section:

31 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air

32 Conservation Act.

33 (b) "Director" means the director of the Division of Air Quality appointed under

34 Section [19-2-107](#).

35 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to

36 vehicle classifications established by the Federal Highway Administration.

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

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

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

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

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

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

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

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

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

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

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

54 (a) in an amount equal to:

55 (i) \$15,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during
56 calendar year 2020;

57 (ii) \$13,500, if the qualified purchase occurs during calendar year 2021;

58 (iii) \$12,000, if the qualified purchase occurs during calendar year 2022;

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

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

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

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

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

84 (5) (a) The aggregate annual total amount of tax credits represented by tax credit
85 certificates that the director issues under this section and Section [59-10-1033](#) may not exceed
86 \$500,000.

87 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
88 Rulemaking Act, make rules to establish a process under which a taxpayer may reserve a
89 potential tax credit under this section for a limited time to allow the taxpayer to make a

90 qualified purchase with the assurance that the aggregate limit under Subsection (5)(a) will not
91 be met before the taxpayer is able to submit an application for a tax credit certificate.

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

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

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

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

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

98 (6)(a)(i), the director shall provide the taxpayer a written statement from the director

99 acknowledging receipt of the proof.

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

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

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

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

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

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

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

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

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

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

116 (c) once per vehicle.

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

119 (9) If the qualified taxpayer receives a tax credit certificate under this section that
120 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this

121 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
122 Corporate Franchise or Income Tax Act, for a taxable year, the qualified taxpayer may carry
123 forward the amount of the tax credit that exceeds the tax liability for a period that does not
124 exceed the next five taxable years.

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

126 **59-10-1033.1. Tax credit related to alternative fuel heavy duty vehicles.**

127 (1) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

150 (a) in an amount equal to:

151 (i) \$15,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during

152 calendar year 2020;

153 (ii) \$13,500, if the qualified purchase occurs during calendar year 2021;

154 (iii) \$12,000, if the qualified purchase occurs during calendar year 2022;

155 (iv) \$10,500, if the qualified purchase occurs during calendar year 2023;

156 (v) \$9,000, if the qualified purchase occurs during calendar year 2024;

157 (vi) \$7,500, if the qualified purchase occurs during calendar year 2025;

158 (vii) \$6,000, if the qualified purchase occurs during calendar year 2026;

159 (viii) \$4,500, if the qualified purchase occurs during calendar year 2027;

160 (ix) \$3,000, if the qualified purchase occurs during calendar year 2028; and

161 (x) \$1,500, if the qualified purchase occurs during calendar year 2029; 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 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](#) 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.