

PLEASE NOTE:

THIS DOCUMENT INCLUDES BOTH THE BILL AND ALSO A TRANSMITTAL LETTER THAT CONTAINS PASSED AMENDMENTS BUT NOT INCORPORATED INTO THE BILL.

March 2, 2005

Mr. Speaker:

The Senate passed, upon reconsideration, as amended, **1st Sub. H.B. 96**, AMENDMENTS RELATING TO CLEAN FUELS AND VEHICLES USING CLEAN FUELS, by Representative F. Hunsaker, and it is transmitted for further consideration with the following amendments:

1. Page 1, Lines 15 through 17

- 15           ▶ provides the circumstances under which a vehicle may travel in lanes designated for  
16 the use of high occupancy vehicles regardless of the number of occupants;  
          =   ▶ grants rulemaking authority to the Department of Transportation;  
17           ▶ extends for a period of five taxable years certain individual income tax and

2. Page 3, Line 74 through Page 4, Line 97

- 74 regardless of the number of occupants to the extent authorized or permitted by federal law or  
75 federal regulation.  
      =   (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
Department of Transportation may make rules to allow a vehicle with clean fuel special group license  
plates issued in accordance with Section 41-1a-418 to travel in lanes designated for the use of high  
occupancy vehicles regardless of the number of occupants to the extent authorized or permitted by  
federal law or federal regulation.  
76           ~~{ (b) (i) Before a vehicle with clean fuel special group license plates issued in~~  
77 ~~accordance with Section 41-1a-418 may travel in lanes designated for the use of high~~  
78 ~~occupancy vehicles regardless of the number of occupants, the vehicle shall have a label~~  
79 ~~attached to the vehicle as provided in Subsection (5)(b)(ii) if the category of clean fuel vehicles~~  
80 ~~authorized or permitted by federal law or federal regulation to travel in lanes designated for the~~  
81 ~~use of high occupancy vehicles regardless of the number of occupants is a category of vehicles~~  
82 ~~that:~~  
83       ~~— (A) includes the vehicle described in this Subsection (5)(b)(i); and~~  
84       ~~— (B) is more narrow than the category of vehicles that may be issued clean fuel special~~  
85 ~~group license plates in accordance with Section 41-1a-418.~~  
86       ~~(ii) The label described in Subsection (5)(b)(i) shall:~~  
87       ~~(A) meet the design specifications of 40 C.F.R. Sec. 88.312-93; and~~  
88       ~~(B) be attached:~~

89 ~~— (I) regardless of whether the vehicle described in Subsection (5)(b)(i) is part of a fleet~~  
90 ~~of vehicles;~~  
91 ~~— (II) to the rear of the vehicle described in Subsection (5)(b)(i);~~  
92 ~~— (III) in one or more places in addition to the attachment required by Subsection~~  
93 ~~(5)(b)(ii)(B)(H) if federal law or federal regulation requires an attachment in one or more places~~  
94 ~~in addition the attachment required by Subsection (5)(b)(ii)(B)(H); and~~  
95 ~~— (IV) following the procedures and requirements provided in 40 C.F.R. Sec. 88.312-93~~  
96 ~~for attaching labels to vehicles. }~~

97 (6) A person who operates a vehicle in violation of Subsection (2) or in violation of the

Respectfully,

Annette B. Moore  
Secretary of the Senate

**Representative Fred R. Hunsaker** proposes the following substitute bill:

**AMENDMENTS RELATING TO CLEAN FUELS  
AND VEHICLES USING CLEAN FUELS**

2005 GENERAL SESSION

STATE OF UTAH

**Sponsor: Fred R. Hunsaker**

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**LONG TITLE**

**General Description:**

This bill modifies the Traffic Rules and Regulations chapter, the Corporate Franchise and Income Tax chapter, the Individual Income Tax Act, the Special Fuel part, the Clean Fuels Conversion Program Act, and the Repeal Dates part relating to clean fuels and vehicles using clean fuels.

**Highlighted Provisions:**

This bill:

- ▶ provides the circumstances under which a vehicle may travel in lanes designated for the use of high occupancy vehicles regardless of the number of occupants;
- ▶ extends for a period of five taxable years certain individual income tax and corporate franchise and income tax credits relating to vehicles using clean fuels;
- ▶ provides that a taxpayer may not claim a tax credit with respect to an electric-hybrid vehicle;
- ▶ extends until December 31, 2010, a surcharge on clean special fuel tax certificates;
- ▶ provides that the Department of Natural Resources may not make a loan or grant under the Clean Fuels Conversion Program Act with respect to an electric-hybrid vehicle;
- ▶ extends a repeal date until December 31, 2010, for allowing certain vehicles to

26 travel in lanes designated for the use of high occupancy vehicles regardless of the number of  
27 occupants; and

28       ▶ makes technical changes.

29 **Monies Appropriated in this Bill:**

30       None

31 **Other Special Clauses:**

32       This bill provides an effective date ~~H→~~ [and provides for retrospective operation] ←H .

33 **Utah Code Sections Affected:**

34 AMENDS:

35       **41-6a-702**, as renumbered and amended by Chapter 2, Laws of Utah 2005

36       **59-7-605**, as last amended by Chapter 90, Laws of Utah 2004

37       **59-10-127**, as last amended by Chapter 90, Laws of Utah 2004

38       **59-13-304**, as last amended by Chapter 7, Laws of Utah 2003

39       **63-34-202**, as enacted by Chapter 231, Laws of Utah 2002

40       **63-34-203**, as enacted by Chapter 231, Laws of Utah 2002

41       **63-55-241**, as last amended by Chapter 90, Laws of Utah 2004



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

44       Section 1. Section **41-6a-702** is amended to read:

45       **41-6a-702. Left lane restrictions -- Exceptions -- Other lane restrictions --**

46 **Penalties.**

47       (1) As used in this section and Section 41-6a-704, "general purpose lane" means a  
48 highway lane open to vehicular traffic but does not include a designated:

49       (a) high occupancy vehicle (HOV) lane; or

50       (b) auxiliary lane that begins as a freeway on-ramp and ends as part of the next freeway  
51 off-ramp.

52       (2) On a freeway or section of a freeway which has three or more general purpose lanes  
53 in the same direction, a person may not operate a vehicle in the left most general purpose lane  
54 if the person's:

55       (a) vehicle is drawing a trailer or semitrailer regardless of size; or

56       (b) vehicle or combination of vehicles has a gross vehicle weight of 12,001 or more

57 pounds.

58 (3) Subsection (2) does not apply to a person operating a vehicle who is:

59 (a) preparing to turn left or taking a different highway split or an exit on the left;

60 (b) responding to emergency conditions;

61 (c) avoiding actual or potential traffic moving onto the highway from an acceleration or  
62 merging lane; or

63 (d) following direction signs that direct use of a designated lane.

64 (4) (a) A highway authority may designate a specific lane or lanes of travel for any type  
65 of vehicle on a highway or portion of a highway under its jurisdiction for the:

66 (i) safety of the public;

67 (ii) efficient maintenance of a highway; or

68 (iii) use of high occupancy vehicles.

69 (b) The lane designation under Subsection (4)(a) is effective when appropriate signs  
70 giving notice are erected on the highway or portion of the highway.

71 (5) (a) [The] Subject to Subsection (5)(b), the lane designation under Subsection (4)(a)  
72 shall allow a vehicle with clean fuel special group license plates issued in accordance with  
73 Section 41-1a-418 to travel in lanes designated for the use of high occupancy vehicles  
74 regardless of the number of occupants to the extent authorized or permitted by federal law or  
75 federal regulation.

76 (b) (i) Before a vehicle with clean fuel special group license plates issued in  
77 accordance with Section 41-1a-418 may travel in lanes designated for the use of high  
78 occupancy vehicles regardless of the number of occupants, the vehicle shall have a label  
79 attached to the vehicle as provided in Subsection (5)(b)(ii) if the category of clean fuel vehicles  
80 authorized or permitted by federal law or federal regulation to travel in lanes designated for the  
81 use of high occupancy vehicles regardless of the number of occupants is a category of vehicles  
82 that:

83 (A) includes the vehicle described in this Subsection (5)(b)(i); and

84 (B) is more narrow than the category of vehicles that may be issued clean fuel special  
85 group license plates in accordance with Section 41-1a-418.

86 (ii) The label described in Subsection (5)(b)(i) shall:

87 (A) meet the design specifications of 40 C.F.R. Sec. 88.312-93; and

88 (B) be attached:

89 (I) regardless of whether the vehicle described in Subsection (5)(b)(i) is part of a fleet  
90 of vehicles;

91 (II) to the rear of the vehicle described in Subsection (5)(b)(i);

92 (III) in one or more places in addition to the attachment required by Subsection  
93 (5)(b)(ii)(B)(II) if federal law or federal regulation requires an attachment in one or more places  
94 in addition the attachment required by Subsection (5)(b)(ii)(B)(II); and

95 (IV) following the procedures and requirements provided in 40 C.F.R. Sec. 88.312-93  
96 for attaching labels to vehicles.

97 (6) A person who operates a vehicle in violation of Subsection (2) or in violation of the  
98 restrictions made under Subsection (4) is guilty of a class C misdemeanor.

99 Section 2. Section **59-7-605** is amended to read:

100 **59-7-605. Definitions -- Tax credit -- Cleaner burning fuels.**

101 (1) As used in this section:

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

104 (b) "Certified by the board" means that:

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

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

110 (B) the motor vehicle's emissions of regulated pollutants, when operating on ~~[fuels]~~ a  
111 fuel listed in Subsection (2)~~(b)~~(a)(ii)(A) or (2)(a)(ii)(B), is less than the emissions were  
112 before the installation of conversion equipment; and

113 (C) a reduction in emissions under Subsection (1)(b)(i)(B) is demonstrated by:

114 (I) certification of the conversion equipment by the federal Environmental Protection  
115 Agency or by a state whose certification standards are recognized by the board;

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

119 (III) any other test or standard recognized by board rule; or  
120 (ii) special mobile equipment on which conversion equipment has been installed meets  
121 the following criteria:

122 (A) the special mobile equipment's emissions of regulated pollutants, when operating  
123 on fuels listed in Subsection (2)~~(e)~~(a)(iii)(A) or (2)(a)(iii)(B), is less than the emissions were  
124 before the installation of conversion equipment; and

125 (B) a reduction in emissions under Subsection (1)(b)(ii)(A) is demonstrated by:

126 (I) certification of the conversion equipment by the federal Environmental Protection  
127 Agency or by a state whose certification standards are recognized by the board; or

128 (II) any other test or standard recognized by board rule.

129 (c) "Clean fuel grant" means a grant awarded under Title 63, Chapter 34, Part 2, Clean  
130 Fuels Conversion Program Act, for reimbursement of a portion of the incremental cost of an  
131 OEM vehicle or the cost of conversion equipment.

132 (d) "Conversion equipment" means equipment referred to in Subsection (2)~~(b)~~(a)(ii)  
133 or (2)~~(e)~~(a)(iii).

134 (e) "Electric-hybrid vehicle" is as defined in 42 U.S.C. Sec. 13435.

135 ~~(e)~~ (f) "Incremental cost" has the same meaning as in Section 63-34-202.

136 ~~(f)~~ (g) "OEM vehicle" has the same meaning as in Section 63-34-202.

137 ~~(g)~~ (h) "Special mobile equipment":

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

140 (ii) includes construction or maintenance equipment.

141 (2) ~~For~~ (a) Except as provided in Subsection (2)(b), for taxable years beginning on or  
142 after January 1, 2001, but beginning on or before December 31, ~~[2005]~~ 2010, a taxpayer may  
143 claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts  
144 Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in  
145 an amount equal to:

146 ~~(a)~~ (i) 50% of the incremental cost of an OEM vehicle registered in Utah minus the  
147 amount of any clean fuel grant received, up to a maximum tax credit of \$3,000 per vehicle, if  
148 the vehicle:

149 ~~(i)~~ (A) is fueled by propane, natural gas, or electricity;



150            [(††)] (B) is fueled by other fuel the board determines annually on or before July 1 to be  
 151 at least as effective in reducing air pollution as fuels under Subsection (2)(a)(i)(A); or

152            [(††)] (C) meets the clean-fuel vehicle standards in the federal Clean Air Act  
 153 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

154            [(††)] (ii) 50% of the cost of equipment for conversion, if certified by the board, of a  
 155 motor vehicle registered in Utah minus the amount of any clean fuel grant received, up to a  
 156 maximum tax credit of \$2,500 per motor vehicle, if the motor vehicle is to:

157            [(††)] (A) be fueled by propane, natural gas, or electricity;

158            [(††)] (B) be fueled by other fuel the board determines annually on or before July 1 to  
 159 be at least as effective in reducing air pollution as fuels under Subsection (2)[(††)](a)(ii)(A);  
 160 or

161            [(††)] (C) meet the federal clean-fuel vehicle standards in the federal Clean Air Act  
 162 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

163            [(††)] (iii) 50% of the cost of equipment for conversion, if certified by the board, of a  
 164 special mobile equipment engine minus the amount of any clean fuel grant received, up to a  
 165 maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile  
 166 equipment is to be fueled by:

167            [(††)] (A) propane, natural gas, or electricity; or

168            [(††)] (B) other fuel the board determines annually on or before July 1 to be:

169            [(††)] (I) at least as effective in reducing air pollution as the fuels under Subsection  
 170 (2)[(††)](a)(iii)(A); or

171            [(††)] (II) substantially more effective in reducing air pollution than the fuel for which  
 172 the engine was originally designed.

173            (b) Notwithstanding Subsection (2)(a) ~~H~~→ and subject to Subsection (5)(b), for taxable  
 173a years beginning on or after January 1, 2006 ←H , a taxpayer may not claim a tax credit under this  
 174 section with respect to an electric-hybrid vehicle.

175            (3) A taxpayer shall provide proof of the purchase of an item for which a tax credit is  
 176 allowed under this section by:

177            (a) providing proof to the board in the form the board requires by rule;

178            (b) receiving a written statement from the board acknowledging receipt of the proof;

179 and

180            (c) retaining the written statement described in Subsection (3)(b).

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

- 183 (a) against any Utah tax owed in the taxable year by the taxpayer;
- 184 (b) in the taxable year in which the item is purchased for which the tax credit is  
185 claimed; and
- 186 (c) once per vehicle.

187 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the  
188 taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit  
189 exceeding the tax liability may be carried forward for a period that does not exceed the next  
190 five taxable years.

191 Section 3. Section **59-10-127** is amended to read:

192 **59-10-127. Definitions -- Tax credit -- Cleaner burning fuels.**

193 (1) As used in this section:

194 (a) "Board" means the Air Quality Board created in Title 19, Chapter 2, Air  
195 Conservation Act.

196 (b) "Certified by the board" means that:

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

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

202 (B) the motor vehicle's emissions of regulated pollutants, when operating on fuels  
203 listed in Subsection (2)~~(b)~~(a)(ii)(A) or (2)(a)(ii)(B), is less than the emissions were before the  
204 installation of conversion equipment; and

205 (C) a reduction in emissions under Subsection (1)(b)(i)(B) is demonstrated by:

206 (I) certification of the conversion equipment by the federal Environmental Protection  
207 Agency or by a state whose certification standards are recognized by the board;

208 (II) testing the motor vehicle, before and after installation of the conversion equipment,  
209 in accordance with 40 C.F.R. Part 86, Control Emissions from New and In-use Highway  
210 Vehicles and Engines, using all fuels the motor vehicle is capable of using; or

211 (III) any other test or standard recognized by board rule; or

212 (ii) special mobile equipment on which conversion equipment has been installed meets  
213 the following criteria:

214 (A) the special mobile equipment's emissions of regulated pollutants, when operating  
215 on fuels listed in Subsection (2)~~(c)~~(a)(iii)(A) or (2)(a)(iii)(B), is less than the emissions were  
216 before the installation of conversion equipment; and

217 (B) a reduction in emissions under Subsection (1)(b)(ii)(A) is demonstrated by:

218 (I) certification of the conversion equipment by the federal Environmental Protection  
219 Agency or by a state whose certification standards are recognized by the board; or

220 (II) any other test or standard recognized by the board.

221 (c) "Clean fuel grant" means a grant the taxpayer receives under Title 63, Chapter 34,  
222 Part 2, Clean Fuels Conversion Program Act, for reimbursement of a portion of the incremental  
223 cost of the OEM vehicle or the cost of conversion equipment.

224 (d) "Conversion equipment" means equipment referred to in Subsection (2)~~(b)~~(a)(ii)  
225 or (2)~~(c)~~(a)(iii).

226 (e) "Electric-hybrid vehicle" is as defined in 42 U.S.C. Sec. 13435.

227 ~~(c)~~ (f) "Incremental cost" has the same meaning as in Section 63-34-202.

228 ~~(f)~~ (g) "OEM vehicle" has the same meaning as in Section 63-34-202.

229 ~~(g)~~ (h) "Special mobile equipment":

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

232 (ii) includes construction or maintenance equipment.

233 (2) ~~For~~ (a) Except as provided in Subsection (2)(b), for taxable years beginning on or  
234 after January 1, 2001, but beginning on or before December 31, [2005] 2010, a taxpayer may  
235 claim a tax credit against tax otherwise due under this chapter in an amount equal to:

236 ~~(a)~~ (i) 50% of the incremental cost of an OEM vehicle registered in Utah minus the  
237 amount of any clean fuel grant received, up to a maximum tax credit of \$3,000 per vehicle, if  
238 the vehicle:

239 ~~(i)~~ (A) is fueled by propane, natural gas, or electricity;

240 ~~(ii)~~ (B) is fueled by other fuel the board determines annually on or before July 1 to be  
241 at least as effective in reducing air pollution as fuels under Subsection (2)(a)(i)(A); or

242 ~~(iii)~~ (C) meets the clean-fuel vehicle standards in the federal Clean Air Act

243 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

244 ~~[(b)]~~ (ii) 50% of the cost of equipment for conversion, if certified by the board, of a  
 245 motor vehicle registered in Utah minus the amount of any clean fuel conversion grant received,  
 246 up to a maximum tax credit of \$2,500 per vehicle, if the motor vehicle:

247 ~~[(i)]~~ (A) is to be fueled by propane, natural gas, or electricity;

248 ~~[(ii)]~~ (B) is to be fueled by other fuel the board determines annually on or before July 1  
 249 to be at least as effective in reducing air pollution as fuels under Subsection

250 (2)~~[(b)]~~~~[(i)]~~~~[(a)]~~(ii)(A); or

251 ~~[(iii)]~~ (C) will meet the federal clean fuel vehicle standards in the federal Clean Air Act  
 252 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

253 ~~[(e)]~~ (iii) 50% of the cost of equipment for conversion, if certified by the board, of a  
 254 special mobile equipment engine minus the amount of any clean fuel conversion grant  
 255 received, up to a maximum tax credit of \$1,000 per special mobile equipment engine, if the  
 256 special mobile equipment is to be fueled by:

257 ~~[(i)]~~ (A) propane, natural gas, or electricity; or

258 ~~[(ii)]~~ (B) other fuel the board determines annually on or before July 1 to be:

259 ~~[(A)]~~ (I) at least as effective in reducing air pollution as the fuels under Subsection

260 (2)~~[(e)]~~~~[(i)]~~~~[(a)]~~(iii)(A); or

261 ~~[(B)]~~ (II) substantially more effective in reducing air pollution than the fuel for which  
 262 the engine was originally designed.

263 (b) Notwithstanding Subsection (2)(a) ~~H~~→ and subject to Subsection (5)(b), for taxable  
 263a years beginning on or after January 1, 2006 ←~~H~~, a taxpayer may not claim a tax credit under this  
 264 section with respect to an electric-hybrid vehicle.

265 (3) An individual shall provide proof of the purchase of an item for which a tax credit  
 266 is allowed under this section by:

267 (a) providing proof to the board in the form the board requires by rule;

268 (b) receiving a written statement from the board acknowledging receipt of the proof;

269 and

270 (c) retaining the written statement described in Subsection (3)(b).

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

272 only:

273 (a) against any Utah tax owed in the taxable year by the taxpayer;

274 (b) in the taxable year in which the item is purchased for which the tax credit is  
275 claimed; and

276 (c) once per vehicle.

277 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the  
278 taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit  
279 exceeding the tax liability may be carried forward for a period that does not exceed the next  
280 five taxable years.

281 Section 4. Section **59-13-304** is amended to read:

282 **59-13-304. Exemptions from Special Fuel Tax -- Clean Special Fuel Tax --**  
283 **Certificate required -- Fees for certificates -- Inspection of vehicles -- Exemptions.**

284 (1) (a) Except as provided in Subsection (4), a user of special fuel who owns a vehicle  
285 powered by a clean special fuel as defined under Section 59-13-102 shall pay a clean special  
286 fuel tax as provided under this section for use of clean special fuel.

287 (b) A user of special fuel who qualifies for the clean special fuel tax shall annually  
288 purchase from the commission a clean special fuel tax certificate for each vehicle owned or  
289 leased that is powered by a clean special fuel.

290 (c) Clean special fuel tax certificates are provided to encourage the use of clean fuels to  
291 reduce air pollution.

292 (2) (a) The fee for a clean special fuel tax certificate is:

293 (i) 70/.19 of the tax per gallon imposed under Subsection 59-13-201(1)(a), rounded up  
294 to the nearest dollar, for qualified motor vehicles as defined under Section 59-13-102; and

295 (ii) 36/.19 of the tax per gallon imposed under Subsection 59-13-201(1)(a), rounded up  
296 to the nearest dollar, for other vehicles.

297 (b) The commission may require each vehicle to be inspected for safe operation before  
298 issuing the certificate.

299 (c) Each vehicle shall be equipped with an approved and properly installed carburetion  
300 system if it is powered by a fuel that is gaseous at standard atmospheric conditions.

301 (3) (a) Beginning January 1, 2001 through December 31, [~~2005~~] 2010, there is imposed  
302 a surcharge of \$35 on each clean special fuel tax certificate issued under this section.

303 (b) Surcharges imposed under Subsection (3)(a) shall be deposited into the Centennial  
304 Highway Fund created under Section 72-2-118.

305 (4) A governmental entity identified in Subsection 59-13-301(9) that owns or leases a  
306 vehicle powered by a special fuel that qualifies as a clean special fuel is exempt from the clean  
307 special fuel tax imposed under this section.

308 Section 5. Section **63-34-202** is amended to read:

309 **63-34-202. Definitions.**

310 As used in this part:

311 (1) "Certified by the Air Quality Board" means that a motor vehicle on which  
312 conversion equipment has been installed meets the following criteria:

313 (a) before the installation of conversion equipment, the motor vehicle does not exceed  
314 the emission cut points for a transient test driving cycle, as specified in 40 CFR 51, Appendix  
315 E to Subpart S, or an equivalent test for the make, model, and year of the motor vehicle;

316 (b) the motor vehicle's emissions of regulated pollutants, when operating with clean  
317 fuel, is less than the emissions were before the installation of conversion equipment; and

318 (c) a reduction in emissions under Subsection (1)(b) is demonstrated by:

319 (i) certification of the conversion equipment by the federal Environmental Protection  
320 Agency or by a state whose certification standards are recognized by the Air Quality Board;

321 (ii) testing the motor vehicle, before and after the installation of the conversion  
322 equipment, in accordance with 40 CFR 86, Control of Air Pollution from New and In-use  
323 Motor Vehicle Engines: Certification and Test Procedures, using all fuel the motor vehicle is  
324 capable of using; or

325 (iii) any other test or standard recognized by Air Quality Board rule.

326 (2) "Clean fuel" means:

327 (a) propane, compressed natural gas, or electricity;

328 (b) other fuel the Air Quality Board determines to be at least as effective as fuels under  
329 Subsection (2)(a) in reducing air pollution; or

330 (c) other fuel that meets the clean-fuel vehicle standards in the federal Clean Air Act  
331 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.

332 (3) "Clean-fuel vehicle" means a vehicle that:

333 (a) uses a clean fuel; and

334 (b) meets clean-fuel vehicle standards in the federal Clean Air Act Amendments of  
335 1990, 42 U.S.C. Sec. 7521 et seq.

336 (4) "Electric-hybrid vehicle" is as defined in 42 U.S.C. Sec. 13435.

337 [~~(4)~~] (5) "Fund" means the Clean Fuels Vehicle Fund created in Section 63-34-203.

338 [~~(5)~~] (6) "Government vehicle" means a motor vehicle registered in Utah and owned  
339 and operated by the state, a public trust authority, a school district, a county, a municipality, a  
340 town, or a city, including a metropolitan rapid transit motor vehicle, bus, truck, law  
341 enforcement vehicle, or emergency vehicle.

342 [~~(6)~~] (7) "Incremental cost" means the difference between the cost of the OEM vehicle  
343 and the same vehicle model manufactured without the clean-fuel fueling system.

344 [~~(7)~~] (8) "OEM vehicle" means a vehicle manufactured by the original vehicle  
345 manufacturer or its contractor to use a clean fuel.

346 [~~(8)~~] (9) "Private sector business vehicle" means a motor vehicle registered in Utah that  
347 is owned and operated solely in the conduct of a private business enterprise.

348 [~~(9)~~] (10) "Refueling equipment" means compressors when used separately,  
349 compressors used in combination with cascade tanks, and other equipment that constitute a  
350 central refueling system capable of dispensing vehicle fuel.

351 Section 6. Section **63-34-203** is amended to read:

352 **63-34-203. Clean Fuels Vehicle Fund -- Contents -- Loans or grants made with**  
353 **fund monies.**

354 (1) (a) There is created a revolving fund known as the Clean Fuels Vehicle Fund.

355 (b) The fund consists of:

356 (i) appropriations to the fund;

357 (ii) other public and private contributions made under Subsection (1)(d);

358 (iii) interest earnings on cash balances; and

359 (iv) all monies collected for loan repayments and interest on loans.

360 (c) All money appropriated to the fund is nonlapsing.

361 (d) The department may accept contributions from other public and private sources for  
362 deposit into the fund.

363 (2) (a) [~~The~~] Except as provided in Subsection (3), the department may make loans or  
364 grants with monies available in the fund for:

365 (i) the conversion of private sector business vehicles and government vehicles to use a  
366 clean fuel, if certified by the Air Quality Board; or

367 (ii) the purchase of OEM vehicles for use as private sector business vehicles or  
368 government vehicles.

369 (b) The amount of a loan for any vehicle may not exceed:

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

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

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

374 (c) The amount of a grant for any vehicle may not exceed:

375 (i) 50% of the actual cost of the vehicle conversion minus the amount of any tax credit  
376 claimed under Section 59-7-605 or 59-10-127 for the vehicle for which a grant is requested; or

377 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of  
378 any tax credit claimed under Section 59-7-605 or 59-10-127 for the vehicle for which a grant is  
379 requested.

380 (d) (i) ~~[Subject]~~ Except as provided in Subsection (3) and subject to the availability of  
381 monies in the fund, the department may make loans for the purchase of vehicle refueling  
382 equipment for private sector business vehicles and government vehicles.

383 (ii) The maximum amount loaned per installation of refueling equipment may not  
384 exceed the actual cost of the refueling equipment.

385 (3) Notwithstanding Subsection (2)(a) or (2)(d), the department may not make a loan or  
386 grant under this part with respect to an electric-hybrid vehicle.

387 ~~[(3)]~~ (4) Administrative costs of the fund shall be paid from the fund.

388 ~~[(4)]~~ (5) (a) The fund balance may not exceed \$10,000,000.

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

391 ~~[(5)]~~ (6) (a) Loans made from monies in the fund shall be supported by loan documents  
392 evidencing the intent of the borrower to repay the loan.

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

395 Section 7. Section **63-55-241** is amended to read:

396 **63-55-241. Repeal dates, Title 41.**

397 The following provisions of Title 41 are repealed on the following dates:



398 (1) Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification Database Program,  
399 is repealed July 1, 2010.

400 (2) The HOV lane exception [~~for clean fuel special group license plate vehicles~~] in  
401 Subsection ~~H→ [41-6-53.5(5)]~~ 41-6a-702(5) ~~←H~~ is repealed December 31, [~~2005~~] 2010.

402 Section 8. **Effective date** ~~H→ [Retrospective operation]~~ ~~←H~~ .

403 (1) Except as provided in Subsections (2) and (3), this bill takes effect on May 2, 2005.

404 (2) Notwithstanding Subsection (1), the amendments to Section ~~H→ [41-6-53.5]~~

404a 41-6a-702 [~~(5)~~] ~~←H~~ take effect

405 on July 1, 2005.

406 (3) Notwithstanding Subsection (1), the amendments to Sections 59-7-605 and

407 59-10-127 ~~H→ [have retrospective operation]~~ take effect ~~←H~~ for taxable years beginning on or

407a after January 1, ~~H→ [2005]~~ 2006 ~~←H~~ .

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**Fiscal Note**

Amendments Relating to Clean Fuels and Vehicles Using Clean Fuels

14-Feb-05

**Bill Number HB0096S01**2:05 PM

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**State Impact**

Passage of this bill will extend an existing exemption. Annual revenue currently foregone is approximately \$300,000. There is however, no change from current practice.

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**Individual and Business Impact**

No fiscal impact.

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**Office of the Legislative Fiscal Analyst**