

Representative Rosalind J. McGee proposes the following substitute bill:

CLEAN AIR AND EFFICIENT VEHICLE TAX

CREDIT

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rosalind J. McGee

Senate Sponsor: _____

LONG TITLE

General Description:

This bill provides a nonrefundable tax credit for the purchase or conversion of a vehicle meeting air quality and fuel economy standards.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows a nonrefundable income or corporate franchise tax credit for the purchase or conversion of a vehicle of:

- \$1,000 for the purchase of a new vehicle under 8,500 GVWR that meets air quality and fuel economy standards;

- up to \$1,000 for the conversion of a vehicle under 8,500 GVWR;

- up to \$5,000 for the conversion of a vehicle 8,500 GVWR or above; or

- up to \$5,000 for the purchase of a new vehicle 8,500 GVWR or above that operates on propane, natural gas, or electricity; and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **19-2-104**, as last amended by Chapter 223, Laws of Utah 2006

31 REPEALS AND REENACTS:

32 **59-7-605**, as last amended by Chapters 108 and 294, Laws of Utah 2005

33 **59-10-1009**, as renumbered and amended by Chapter 223, Laws of Utah 2006



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

36 Section 1. Section **19-2-104** is amended to read:

37 **19-2-104. Powers of board.**

38 (1) The board may make rules in accordance with Title 63, Chapter 46a, Utah

39 Administrative Rulemaking Act:

40 (a) regarding the control, abatement, and prevention of air pollution from all sources
41 and the establishment of the maximum quantity of air contaminants that may be emitted by any
42 air contaminant source;

43 (b) establishing air quality standards;

44 (c) requiring persons engaged in operations which result in air pollution to:

45 (i) install, maintain, and use emission monitoring devices, as the board finds necessary;

46 (ii) file periodic reports containing information relating to the rate, period of emission,
47 and composition of the air contaminant; and

48 (iii) provide access to records relating to emissions which cause or contribute to air
49 pollution;

50 (d) implementing 15 U.S.C.A. 2601 et seq. Toxic Substances Control Act, Subchapter
51 II - Asbestos Hazard Emergency Response, and reviewing and approving asbestos management
52 plans submitted by local education agencies under that act;

53 (e) establishing a requirement for a diesel emission opacity inspection and maintenance
54 program for diesel-powered motor vehicles;

55 (f) implementing an operating permit program as required by and in conformity with
56 Titles IV and V of the federal Clean Air Act Amendments of 1990;

57 (g) establishing requirements for county emissions inspection and maintenance
58 programs after obtaining agreement from the counties that would be affected by the
59 requirements;

60 (h) with the approval of the governor, implementing in air quality nonattainment areas
61 employer-based trip reduction programs applicable to businesses having more than 100
62 employees at a single location and applicable to federal, state, and local governments to the
63 extent necessary to attain and maintain ambient air quality standards consistent with the state
64 implementation plan and federal requirements under the standards set forth in Subsection (2);
65 and

66 (i) implementing lead-based paint remediation training, certification, and performance
67 requirements in accordance with 15 U.S.C.A. 2601 et seq., Toxic Substances Control Act,
68 Subchapter IV -- Lead Exposure Reduction, Sections 402 and 406.

69 (2) When implementing Subsection (1)(h) the board shall take into consideration:

70 (a) the impact of the business on overall air quality; and

71 (b) the need of the business to use automobiles in order to carry out its business
72 purposes.

73 (3) The board may:

74 (a) hold hearings relating to any aspect of or matter in the administration of this chapter
75 and compel the attendance of witnesses and the production of documents and other evidence,
76 administer oaths and take testimony, and receive evidence as necessary;

77 (b) issue orders necessary to enforce the provisions of this chapter, enforce the orders
78 by appropriate administrative and judicial proceedings, and institute judicial proceedings to
79 secure compliance with this chapter;

80 (c) settle or compromise any civil action initiated to compel compliance with this
81 chapter and the rules made under this chapter;

82 (d) secure necessary scientific, technical, administrative, and operational services,
83 including laboratory facilities, by contract or otherwise;

84 (e) prepare and develop a comprehensive plan or plans for the prevention, abatement,
85 and control of air pollution in this state;

86 (f) encourage voluntary cooperation by persons and affected groups to achieve the
87 purposes of this chapter;

88 (g) encourage local units of government to handle air pollution within their respective
89 jurisdictions on a cooperative basis and provide technical and consultative assistance to them;

90 (h) encourage and conduct studies, investigations, and research relating to air
91 contamination and air pollution and their causes, effects, prevention, abatement, and control;

92 (i) determine by means of field studies and sampling the degree of air contamination
93 and air pollution in all parts of the state;

94 (j) monitor the effects of the emission of air contaminants from motor vehicles on the
95 quality of the outdoor atmosphere in all parts of this state and take appropriate action with
96 respect to them;

97 (k) collect and disseminate information and conduct educational and training programs
98 relating to air contamination and air pollution;

99 (l) advise, consult, contract, and cooperate with other agencies of the state, local
100 governments, industries, other states, interstate or interlocal agencies, the federal government,
101 and with interested persons or groups;

102 (m) consult, upon request, with any person proposing to construct, install, or otherwise
103 acquire an air contaminant source in the state concerning the efficacy of any proposed control
104 device, or system for this source, or the air pollution problem which may be related to the
105 source, device, or system, but a consultation does not relieve any person from compliance with
106 this chapter, the rules adopted under it, or any other provision of law;

107 (n) accept, receive, and administer grants or other funds or gifts from public and
108 private agencies, including the federal government, for the purpose of carrying out any of the
109 functions of this chapter;

110 (o) require the owner and operator of each new source which directly emits or has the
111 potential to emit 100 tons per year or more of any air contaminant or the owner or operator of
112 each existing source which by modification will increase emissions or have the potential of
113 increasing emissions by 100 tons per year or more of any air contaminant, to pay a fee
114 sufficient to cover the reasonable costs of:

115 (i) reviewing and acting upon the notice required under Section 19-2-108; and

116 (ii) implementing and enforcing requirements placed on the sources by any approval
117 order issued pursuant to notice, not including any court costs associated with any enforcement
118 action;

- 119 (p) assess and collect noncompliance penalties as required in Section 120 of the federal
120 Clean Air Act, 42 U.S.C. Sec. 7420;
- 121 (q) meet the requirements of federal air pollution laws;
- 122 (r) establish work practice, certification, and clearance air sampling requirements for
123 persons who:
- 124 (i) contract for hire to conduct demolition, renovation, salvage, encapsulation work
125 involving friable asbestos-containing materials, or asbestos inspections;
- 126 (ii) conduct work described in Subsection (3)(r)(i) in areas to which the general public
127 has unrestrained access or in school buildings that are subject to the federal Asbestos Hazard
128 Emergency Response Act of 1986;
- 129 (iii) conduct asbestos inspections in facilities subject to 15 U.S.C.A. 2601 et seq.,
130 Toxic Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response; or
- 131 (iv) conduct lead paint inspections in facilities subject to 15 U.S.C.A. 2601 et seq.,
132 Toxic Substances Control Act, Subchapter IV -- Lead Exposure Reduction;
- 133 (s) establish certification requirements for persons required under 15 U.S.C.A. 2601 et
134 seq., Toxic Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response, to
135 be accredited as inspectors, management planners, abatement project designers, asbestos
136 abatement contractors and supervisors, or asbestos abatement workers;
- 137 (t) establish certification requirements for asbestos project monitors, which shall
138 provide for experience-based certification of persons who, prior to establishment of the
139 certification requirements, had received relevant asbestos training, as defined by rule, and had
140 acquired at least 1,000 hours of experience as project monitors;
- 141 (u) establish certification procedures and requirements for certification of the
142 conversion of a motor vehicle [~~to a clean-fuel vehicle~~], certifying the vehicle is eligible for the
143 tax credit granted in Section 59-7-605 or 59-10-1009;
- 144 (v) establish a program to certify private sector air quality permitting professionals
145 (AQPP), as described in Section 19-2-109.5; and
- 146 (w) establish certification requirements for persons required under 15 U.S.C.A. 2601 et
147 seq., Toxic Control Act, Subchapter IV -- Lead Exposure Reduction, to be accredited as
148 inspectors, risk assessors, supervisors, project designers, or abatement workers.
- 149 (4) Any rules adopted under this chapter shall be consistent with provisions of federal

150 laws, if any, relating to control of motor vehicles or motor vehicle emissions.

151 (5) Nothing in this chapter authorizes the board to require installation of or payment for
152 any monitoring equipment by the owner or operator of a source if the owner or operator has
153 installed or is operating monitoring equipment that is equivalent to equipment which the board
154 would require under this section.

155 Section 2. Section **59-7-605** is repealed and reenacted to read:

156 **59-7-605. Definitions -- Clean and Efficient Vehicle Tax Credit.**

157 (1) As used in this section:

158 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than
159 the standards established in bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

162 (c) "Conversion" means the conversion of a motor vehicle to operate on propane,
163 natural gas, or electricity, if:

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

167 (ii) the conversion actually results in a reduction in emissions of regulated pollutants;
168 and

169 (iii) the reduction in emissions under Subsection (1)(c)(i) is demonstrated by:

170 (A) certification of the conversion equipment by the federal Environmental Protection
171 Agency or by a state whose certification standards are recognized by the board;

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

175 (C) any other test or standard recognized by board rule.

176 (d) "Fuel economy standards" means that a vehicle's combined fuel economy, as
177 determined in 40 C.F.R. 600.209-95(d) is equal to or greater than:

178 (i) 36 miles per gallon for gasoline-fueled vehicles;

179 (ii) 41 miles per gallon for diesel-fueled vehicles;

180 (iii) 26 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15%

181 gasoline:

182 (iv) 23 miles per gallon for liquified petroleum gas-fueled vehicles; or

183 (v) 27 miles per gallon for compressed natural gas-fueled vehicles.

184 (e) "Gross vehicle weight rating (GVWR)" means the original manufacturer's gross
185 vehicle weight rating, whether or not the vehicle is modified by use of parts not originally
186 installed by the original manufacturer.

187 (f) "Incremental cost" means the additional cost of a new vehicle operating on propane,
188 natural gas, or electricity when compared with the same make and model of the same model
189 year vehicle.

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

192 (2) For taxable years beginning on or after January 1, 2008, but beginning on or before
193 December 31, 2011, a taxpayer may claim a nonrefundable tax credit of:

194 (a) \$1,000 against tax otherwise due under this chapter or Chapter 8, Gross Receipts
195 Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for
196 the original purchase of a new vehicle under 8,500 GVWR if the vehicle meets air quality and
197 fuel economy standards;

198 (b) 50% of the cost of conversion, up to \$1,000, against tax otherwise due under this
199 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
200 Corporate Franchise or Income Tax Act, for the conversion of a vehicle under 8,500 GVWR, if
201 the credit allowed by Subsection (2)(a) is not claimed for the vehicle;

202 (c) 50% of the cost of conversion, up to \$5,000, against tax otherwise due under this
203 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
204 Corporate Franchise or Income Tax Act, for the conversion of a vehicle 8,500 GVWR or over,
205 if the credit allowed by Subsection (2)(d) is not claimed for the vehicle; or

206 (d) 50% of the incremental cost of a new vehicle 8,500 GVWR or above that operates
207 on propane, natural gas, or electricity, up to \$5,000, against tax otherwise due under this
208 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
209 Corporate Franchise or Income Tax Act.

210 (3) A taxpayer shall provide proof of the purchase of a vehicle or conversion for which
211 a tax credit is allowed under this section by:

212 (a) providing proof to the board in the form the board requires by rule;
213 (b) receiving a written statement from the board acknowledging receipt of the proof;

214 and

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

216 (4) Except as provided by Subsection (5), a tax credit under this section is allowed
217 only:

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

219 (b) in the taxable year in which the original purchase or conversion is completed; and

220 (c) once per vehicle.

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

225 Section 3. Section **59-10-1009** is repealed and reenacted to read:

226 **59-10-1009. Definitions -- Clean and Efficient Vehicle Tax Credit.**

227 (1) As used in this section:

228 (a) "Air quality standards" means a vehicle's emissions are equal to or cleaner than the
229 standards established in bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

232 (c) "Conversion" means the conversion of a motor vehicle to operate on propane,
233 natural gas, or electricity, if:

234 (i) before the installation of conversion equipment, the vehicle does not exceed the
235 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,

236 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;

237 (ii) the conversion actually results in a reduction in emissions of regulated pollutants;

238 and

239 (iii) the reduction in emissions under Subsection (1)(c)(i) is demonstrated by:

240 (A) certification of the conversion equipment by the federal Environmental Protection
241 Agency or by a state whose certification standards are recognized by the board;

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

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

245 (C) any other test or standard recognized by board rule.

246 (d) "Fuel economy standards" means that a vehicle's combined fuel economy, as
247 determined in 40 C.F.R. 600.209-95(d) is equal to or greater than:

248 (i) 36 miles per gallon for gasoline-fueled vehicles;

249 (ii) 41 miles per gallon for diesel-fueled vehicles;

250 (iii) 26 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15%

251 gasoline;

252 (iv) 23 miles per gallon for liquified petroleum gas-fueled vehicles; or

253 (v) 27 miles per gallon for compressed natural gas-fueled vehicles.

254 (e) "Gross vehicle weight rating (GVWR)" means the original manufacturer's gross
255 vehicle weight rating, whether or not the vehicle is modified by use of parts not originally
256 installed by the original manufacturer.

257 (f) "Incremental cost" means the additional cost of a new vehicle operating on propane,
258 natural gas, or electricity when compared with the same make and model of the same model
259 year vehicle.

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

262 (2) For taxable years beginning on or after January 1, 2008, but beginning on or before
263 December 31, 2011, a claimant, estate, or trust may claim a nonrefundable tax credit of:

264 (a) \$1,000 against tax otherwise due under this chapter for the original purchase of a
265 vehicle under 8,500 GVWR if the vehicle meets air quality and fuel economy standards;

266 (b) 50% of the cost of conversion, up to \$1,000, against tax otherwise due under this
267 chapter for the conversion of a vehicle under 8,500 GVWR, if the credit allowed by Subsection
268 (2)(a) is not claimed for the vehicle;

269 (c) 50% of the cost of conversion, up to \$5,000, against tax otherwise due under this
270 chapter for the conversion of a vehicle 8,500 GVWR or over, if the credit allowed by
271 Subsection (2)(d) is not claimed for the vehicle; or

272 (d) 50% of the incremental cost of a new vehicle 8,500 GVWR or above that operates
273 on propane, natural gas, or electricity, up to \$5,000 against tax otherwise due under this

274 chapter.

275 (3) A claimant, estate, or trust shall provide proof of the purchase of a vehicle or

276 conversion for which a tax credit is allowed under this section by:

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

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

279 and

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

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

282 only:

283 (a) against any Utah tax owed in the taxable year by the claimant, estate, or trust;

284 (b) in the taxable year in which the original purchase or conversion is completed; and

285 (c) once per vehicle.

286 (5) If the amount of the credit claimed by a claimant, estate, or trust under this section

287 exceeds the claimant, estate, or trust's tax liability under this chapter for a taxable year, the

288 amount of the tax credit exceeding the tax liability may be carried forward for a period that

289 does not exceed the next five taxable years.

H.B. 122 1st Sub. (Buff) - Clean Air and Efficient Vehicle Tax Credit

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill could result in a decrease of Uniform School Fund of \$191,800 beginning in FY 2009. The Department of Environmental Quality would need an appropriation of \$12,900 in FY 2009 to implement the processing provisions of the bill.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
General Fund	\$0	\$0	\$12,900	\$0	\$0	\$0
Uniform School Fund	\$0	\$0	\$0	\$0	\$0	(\$191,800)
Total	\$0	\$0	\$12,900	\$0	\$0	(\$191,800)

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments. Individuals and businesses would receive potential tax credits which would be dependent upon the cost of conversion or purchase.
