

SB0226S01 compared with SB0226

~~{deleted text}~~ shows text that was in SB0226 but was deleted in SB0226S01.

inserted text shows text that was not in SB0226 but was inserted into SB0226S01.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will not be completely accurate. Therefore, you need to read the actual bill. This automatically generated document could experience abnormalities caused by: limitations of the compare program; bad input data; the timing of the compare; and other potential causes.

Senator Stephen H. Urquhart proposes the following substitute bill:

INCOME TAX CREDITS FOR CLEANER BURNING FUELS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen H. Urquhart

House Sponsor: _____

LONG TITLE

General Description:

This bill amends income tax credits related to cleaner burning fuels.

Highlighted Provisions:

This bill:

- ▶ amends the eligibility requirements for cleaner burning fuels tax credits available under the Individual Income Tax Act and the Corporate Franchise and Income Taxes chapter; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for a taxable year beginning on or after January 1,

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2011.

Utah Code Sections Affected:

AMENDS:

59-7-605, as last amended by Laws of Utah 2010, Chapter 236

59-10-1009, as last amended by Laws of Utah 2010, Chapter 236

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

Section 1. Section **59-7-605** is amended to read:

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

(1) As used in this section:

(a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in ~~bin [2] 4~~:

(i) bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6); or

(ii) for a new qualified plug-in electric drive motor vehicle, as defined in Section 30D,

Internal Revenue Code, bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

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

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

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

(B) the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

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

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

(II) testing the motor vehicle, before and after installation of the conversion equipment, in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway

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Vehicles and Engines, using all fuel the motor vehicle is capable of using; or

(III) any other test or standard recognized by board rule, which may not include a retrofit compressed natural gas vehicle that is retrofit in accordance with Section 19-1-406, unless that motor vehicle also satisfies Subsection (1)(c)(i)(C)(I); or

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

(A) the special mobile equipment's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

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

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

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

(d) "Clean fuel grant" means a grant awarded under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of conversion equipment.

(e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

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

(i) 31 miles per gallon for gasoline-fueled vehicles;

(ii) 36 miles per gallon for diesel-fueled vehicles;

(iii) 19 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15% gasoline;

(iv) 19 miles per gallon for liquified petroleum gas-fueled vehicles; or

(v) standards consistent with 40 C.F.R. 600.209-95(d) that are adopted by the Air Quality Board by rule.

(g) "Incremental cost" has the same meaning as in Section 19-1-402.

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

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

(j) "Special mobile equipment":

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

(ii) includes construction or maintenance equipment.

(2) For taxable years beginning on or after January 1, 2009, but beginning on or before December 31, 2013, a taxpayer may claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in an amount equal to:

(a) \$750 for the original purchase of a new vehicle that is not fueled by compressed natural gas if the vehicle is registered in Utah and meets air quality standards and fuel economy standards;

(b) for the purchase of a vehicle fueled by compressed natural gas that is registered in Utah, the lesser of:

(i) \$2,500; or

(ii) 35% of the purchase price of the vehicle;

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

(i) be fueled by propane, natural gas, or electricity;

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

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

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

(i) propane, natural gas, or electricity; or

(ii) other fuel the board determines annually on or before July 1 to be:

(A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

or

(B) substantially more effective in reducing air pollution than the fuel for which the

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engine was originally designed.

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

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

and

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

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

- (a) against any Utah tax owed in the taxable year by the taxpayer;
- (b) in the taxable year in which the item is purchased for which the tax credit is

claimed; and

- (c) once per vehicle.

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

- (6) The tax credit provided by this section may be taken only once per vehicle.

Section 2. Section **59-10-1009** is amended to read:

59-10-1009. Definitions -- Cleaner burning fuels tax credit.

(1) As used in this section:

(a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in ~~bin [2] 4~~:

(i) bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6)[-]; or

(ii) for a new qualified plug-in electric drive motor vehicle, as defined in Section 30D,

Internal Revenue Code, bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

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

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

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

(B) the motor vehicle's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

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

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

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

(III) any other test or standard recognized by board rule, which may not include a retrofit compressed natural gas vehicle that is retrofit in accordance with Section 19-1-406, unless that motor vehicle also satisfies Subsection (1)(c)(i)(C)(I); or

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

(A) the special mobile equipment's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

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

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

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

(d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act, for reimbursement of a portion of the incremental cost of the OEM vehicle or the cost of conversion equipment.

(e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

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

(i) 31 miles per gallon for gasoline-fueled vehicles;

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- (ii) 36 miles per gallon for diesel-fueled vehicles;
- (iii) 19 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15% gasoline;
- (iv) 19 miles per gallon for liquified petroleum gas-fueled vehicles; or
- (v) standards consistent with 40 C.F.R. 600.209-95(d) that are adopted by the Air Quality Board by rule.
- (g) "Incremental cost" has the same meaning as in Section 19-1-402.
- (h) "OEM vehicle" has the same meaning as in Section 19-1-402.
- (i) "Original purchase" means the purchase of a vehicle that has never been titled or registered and has been driven less than 7,500 miles.
- (j) "Special mobile equipment":
 - (i) means any mobile equipment or vehicle not designed or used primarily for the transportation of persons or property; and
 - (ii) includes construction or maintenance equipment.
- (2) For taxable years beginning on or after January 1, 2009, but beginning on or before December 31, 2013, a claimant, estate, or trust may claim a nonrefundable tax credit against tax otherwise due under this chapter in an amount equal to:
 - (a) \$750 for the original purchase of a new vehicle that is not fueled by compressed natural gas if the vehicle is registered in Utah and meets air quality and fuel economy standards;
 - (b) for the purchase of a vehicle fueled by compressed natural gas that is registered in Utah, the lesser of:
 - (i) \$2,500; or
 - (ii) 35% of the purchase price of the vehicle;
 - (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor vehicle registered in Utah minus the amount of any clean fuel conversion grant received, up to a maximum tax credit of \$2,500 per vehicle, if the motor vehicle:
 - (i) is to be fueled by propane, natural gas, or electricity;
 - (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or
 - (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act

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

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

- (i) propane, natural gas, or electricity; or
- (ii) other fuel the board determines annually on or before July 1 to be:
 - (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

or

(B) substantially more effective in reducing air pollution than the fuel for which the engine was originally designed.

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

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

and

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

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

- (a) against any Utah tax owed in the taxable year by the claimant, estate, or trust;
- (b) in the taxable year in which the item is purchased for which the tax credit is

claimed; and

(c) once per vehicle.

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

(6) The tax credit provided by this section may be taken only once per vehicle.

Section 3. **Retrospective operation.**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2011.

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Legislative Review Note

~~as of 2-9-11 3:07 PM~~

~~Office of Legislative Research and General Counsel}~~