

1                   **ENERGY EFFICIENT VEHICLE TAX CREDIT FOR**  
2   **MOTORCYCLES**

3   2015 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Margaret Dayton**

6   House Sponsor: Keith Grover

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8 **LONG TITLE**

9 **General Description:**

10           This bill enacts an energy efficient vehicle tax credit for certain motorcycles.

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ defines terms;
- 14           ▶ enacts an energy efficient vehicle tax credit for certain motorcycles; and
- 15           ▶ makes technical and conforming changes.

16 **Money Appropriated in this Bill:**

17           None

18 **Other Special Clauses:**

19           This bill provides for retrospective operation.

20 **Utah Code Sections Affected:**

21 **AMENDS:**

22           **59-7-605**, as last amended by Laws of Utah 2014, Chapter 125

23           **59-10-1009**, as last amended by Laws of Utah 2014, Chapter 125

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

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

27           **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**



28 (1) As used in this section:

29 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than  
30 the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

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

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

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

40 (B) as a result of the installation of conversion equipment on the motor vehicle, the  
41 motor vehicle has reduced emissions; or

42 (ii) special mobile equipment on which conversion equipment has been installed has  
43 reduced emissions.

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

47 (e) "Conversion equipment" means equipment ~~[referred to]~~ described in Subsection  
48 ~~[(2)(c) or (d)]~~ (2)(d) or (e).

49 (f) "OEM vehicle" has the same meaning as in Section [19-1-402](#).

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

52 (h) "Qualifying electric motorcycle" means a vehicle that:

53 (i) has a seat or saddle for the use of the rider;

54 (ii) is designed to travel with not more than three wheels in contact with the ground;

55 (iii) may lawfully be operated on a freeway, as defined in Section [41-6a-102](#);

56 (iv) is not fueled by natural gas;

57 (v) is fueled by electricity only; and

58 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in

59 Subsection (1)(h)(v).

60 [~~(h)~~] (i) "Qualifying electric vehicle" means a vehicle that:

61 (i) meets air quality standards;

62 (ii) is not fueled by natural gas;

63 (iii) is fueled by electricity only; and

64 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in

65 Subsection (1)~~(h)~~(i)(iii).

66 [~~(i)~~] (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:

67 (i) meets air quality standards;

68 (ii) is not fueled by natural gas or propane;

69 (iii) has a battery capacity that meets or exceeds the battery capacity described in

70 Section 30D(b)(3), Internal Revenue Code; and

71 (iv) is fueled by a combination of electricity and:

72 (A) diesel fuel;

73 (B) gasoline; or

74 (C) a mixture of gasoline and ethanol.

75 [~~(j)~~] (k) "Reduced emissions" means:

76 (i) for purposes of a motor vehicle on which conversion equipment has been installed,

77 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in

78 Subsection (2)~~(d)~~(e)(i) or (ii), is less than the emissions were before the installation of the

79 conversion equipment, as demonstrated by:

80 (A) certification of the conversion equipment by the federal Environmental Protection

81 Agency or by a state that has certification standards recognized by the board;

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

83 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway

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

85 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section

86 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the

87 emission standards applicable under Section 19-1-406; or

88 (D) any other test or standard recognized by board rule, made in accordance with Title

89 63G, Chapter 3, Utah Administrative Rulemaking Act; or

90 (ii) for purposes of special mobile equipment on which conversion equipment has been  
91 installed, that the special mobile equipment's emissions of regulated pollutants, when operating  
92 on ~~[fuels]~~ a fuel listed in Subsection (2)~~[(d)]~~(e)(i) or (ii), is less than the emissions were before  
93 the installation of conversion equipment, as demonstrated by:

94 (A) certification of the conversion equipment by the federal Environmental Protection  
95 Agency or by a state that has certification standards recognized by the board; or

96 (B) any other test or standard recognized by board rule, made in accordance with Title  
97 63G, Chapter 3, Utah Administrative Rulemaking Act.

98 ~~[(k)]~~ (l) "Special mobile equipment":

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

101 (ii) includes construction or maintenance equipment.

102 (2) For the taxable year beginning on or after January 1, 2015, but beginning on or  
103 before December 31, 2015, a taxpayer may claim a tax credit against tax otherwise due under  
104 this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay  
105 Corporate Franchise or Income Tax Act, in an amount equal to:

106 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in  
107 this state, the lesser of:

108 (A) \$1,500; or

109 (B) 35% of the purchase price of the vehicle; or

110 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is  
111 registered in this state, \$1,000;

112 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is  
113 registered in this state, the lesser of:

114 (i) \$1,500; or

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

116 (c) for the original purchase of a new qualifying electric motorcycle that is registered in  
117 this state, the lesser of:

118 (i) \$750; or

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

120 ~~[(e)]~~ (d) 50% of the cost of equipment for conversion, if certified by the board, of a

121 motor vehicle registered in this state minus the amount of any clean fuel grant received, up to a  
 122 maximum tax credit of \$1,500 per motor vehicle, if the motor vehicle is to:

- 123 (i) be fueled by propane, natural gas, or electricity;
- 124 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at  
 125 least as effective in reducing air pollution as fuels under Subsection (2)~~(c)~~(d)(i); or
- 126 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act  
 127 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

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

- 132 (i) propane, natural gas, or electricity; or
- 133 (ii) other fuel the board determines annually on or before July 1 to be:  
 134 (A) at least as effective in reducing air pollution as the fuels under Subsection  
 135 (2)~~(d)~~(e)(i); or
- 136 (B) substantially more effective in reducing air pollution than the fuel for which the  
 137 engine was originally designed; and

138 ~~(e)~~ (f) for a lease of a vehicle described in Subsection (2)(a) ~~(b)~~, (b), or (c), an  
 139 amount equal to the product of:

140 (i) the amount of tax credit the taxpayer would otherwise qualify to claim under  
 141 Subsection (2)(a) ~~(b)~~, (b), or (c) had the taxpayer purchased the vehicle, except that the  
 142 purchase price described in Subsection (2)(a)(i)(B) ~~(b)~~, (2)(b)(ii), or (2)(c)(ii) is considered to  
 143 be the value of the vehicle at the beginning of the lease; and

144 (ii) a percentage calculated by:

145 (A) determining the difference between the value of the vehicle at the beginning of the  
 146 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
 147 stated in the lease agreement; and

148 (B) dividing the difference determined under Subsection (2)~~(e)~~(f)(ii)(A) by the value  
 149 of the vehicle at the beginning of the lease, as stated in the lease agreement.

150 (3) (a) The board shall:

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

152 (ii) provide the taxpayer with a written certification of the amount of tax credit the  
153 taxpayer is allowed under this section.

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

156 (i) providing proof to the board in the form the board requires by rule;

157 (ii) receiving a written statement from the board acknowledging receipt of the proof;

158 and

159 (iii) retaining the written statement described in Subsection (3)(b)(ii).

160 (c) A taxpayer shall retain the written certification described in Subsection (3)(a)(ii).

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

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

166 (b) for the taxable year in which a vehicle described in Subsection (2)(a) ~~(a)~~, (b), or  
167 (c) is purchased, a vehicle described in Subsection (2)~~(c)~~(f) is leased, or conversion  
168 equipment described in Subsection (2)~~(c)~~(d) or ~~(d)~~ (e) is installed; and

169 (c) once per vehicle.

170 (5) A taxpayer may not assign a tax credit under this section to another person.

171 (6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the  
172 taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain  
173 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year,  
174 the amount of the tax credit exceeding the tax liability may be carried forward for a period that  
175 does not exceed the next five taxable years.

176 (7) In accordance with any rules prescribed by the commission under Subsection (8),  
177 the commission shall transfer at least annually from the General Fund into the Education Fund  
178 the amount by which the amount of tax credit claimed under this section for a taxable year  
179 exceeds \$500,000.

180 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
181 commission may make rules for making a transfer from the General Fund into the Education  
182 Fund as required by Subsection (7).

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

184 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

185 (1) As used in this section:

186 (a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than  
187 the standards established in bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

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

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

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

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

197 (B) as a result of the installation of conversion equipment on the motor vehicle, the  
198 motor vehicle has reduced emissions; or

199 (ii) special mobile equipment on which conversion equipment has been installed has  
200 reduced emissions.

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

204 (e) "Conversion equipment" means equipment [~~referred to~~] described in Subsection  
205 (2)[~~(c)~~](d) or [~~(d)~~] (e).

206 (f) "OEM vehicle" has the same meaning as in Section [19-1-402](#).

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

209 (h) "Qualifying electric motorcycle" means a vehicle that:

210 (i) has a seat or saddle for the use of the rider;

211 (ii) is designed to travel with not more than three wheels in contact with the ground;

212 (iii) may lawfully be operated on a freeway, as defined in Section [41-6a-102](#);

213 (iv) is not fueled by natural gas;

214 (v) is fueled by electricity only; and

215 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in

216 Subsection (1)(h)(v).

217 ~~(h)~~ (i) "Qualifying electric vehicle" means a vehicle that:

218 (i) meets air quality standards;

219 (ii) is not fueled by natural gas;

220 (iii) is fueled by electricity only; and

221 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in

222 Subsection (1)~~(h)~~(i)(iii).

223 ~~(i)~~ (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:

224 (i) meets air quality standards;

225 (ii) is not fueled by natural gas or propane;

226 (iii) has a battery capacity that meets or exceeds the battery capacity described in

227 Section 30D(b)(3), Internal Revenue Code; and

228 (iv) is fueled by a combination of electricity and:

229 (A) diesel fuel;

230 (B) gasoline; or

231 (C) a mixture of gasoline and ethanol.

232 ~~(j)~~ (k) "Reduced emissions" means:

233 (i) for purposes of a motor vehicle on which conversion equipment has been installed,

234 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in

235 Subsection (2)~~(d)~~(e)(i) or (ii), is less than the emissions were before the installation of the

236 conversion equipment, as demonstrated by:

237 (A) certification of the conversion equipment by the federal Environmental Protection  
238 Agency or by a state that has certification standards recognized by the board;

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

242 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
243 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the  
244 emission standards applicable under Section 19-1-406; or



245 (D) any other test or standard recognized by board rule, made in accordance with Title  
246 63G, Chapter 3, Utah Administrative Rulemaking Act; or

247 (ii) for purposes of special mobile equipment on which conversion equipment has been  
248 installed, that the special mobile equipment's emissions of regulated pollutants, when operating  
249 on ~~[fuels]~~ a fuel listed in Subsection (2)~~[(d)]~~(e)(i) or (ii), is less than the emissions were before  
250 the installation of conversion equipment, as demonstrated by:

251 (A) certification of the conversion equipment by the federal Environmental Protection  
252 Agency or by a state that has certification standards recognized by the board; or

253 (B) any other test or standard recognized by board rule, made in accordance with Title  
254 63G, Chapter 3, Utah Administrative Rulemaking Act.

255 ~~[(k)]~~ (l) "Special mobile equipment":

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

258 (ii) includes construction or maintenance equipment.

259 (2) For the taxable year beginning on or after January 1, 2015, but beginning on or  
260 before December 31, 2015, a claimant, estate, or trust may claim a nonrefundable tax credit  
261 against tax otherwise due under this chapter in an amount equal to:

262 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in  
263 this state, the lesser of:

264 (A) \$1,500; or

265 (B) 35% of the purchase price of the vehicle; or

266 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is  
267 registered in this state, \$1,000;

268 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is  
269 registered in this state, the lesser of:

270 (i) \$1,500; or

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

272 (c) for the original purchase of a new qualifying electric motorcycle that is registered in  
273 this state, the lesser of:

274 (i) \$750; or

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

276 ~~(e)~~ (d) 50% of the cost of equipment for conversion, if certified by the board, of a  
277 motor vehicle registered in this state minus the amount of any clean fuel conversion grant  
278 received, up to a maximum tax credit of \$1,500 per vehicle, if the motor vehicle:

- 279 (i) is to be fueled by propane, natural gas, or electricity;
- 280 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be  
281 at least as effective in reducing air pollution as fuels under Subsection (2)~~(e)~~(d)(i); or
- 282 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act  
283 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

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

- 288 (i) propane, natural gas, or electricity; or
- 289 (ii) other fuel the board determines annually on or before July 1 to be:
  - 290 (A) at least as effective in reducing air pollution as the fuels under Subsection  
291 (2)~~(d)~~(e)(i); or
  - 292 (B) substantially more effective in reducing air pollution than the fuel for which the  
293 engine was originally designed; and

294 ~~(e)~~ (f) for a lease of a vehicle described in Subsection (2)(a) ~~(b)~~, (b), or (c), an  
295 amount equal to the product of:

296 (i) the amount of tax credit the claimant, estate, or trust would otherwise qualify to  
297 claim under Subsection (2)(a) ~~(b)~~, (b), or (c) had the claimant, estate, or trust purchased the  
298 vehicle, except that the purchase price described in Subsection (2)(a)(i)(B) ~~(b)~~, (2)(b)(ii), or  
299 (2)(c)(ii) is considered to be the value of the vehicle at the beginning of the lease; and

300 (ii) a percentage calculated by:  
301 (A) determining the difference between the value of the vehicle at the beginning of the  
302 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
303 stated in the lease agreement; and

304 (B) dividing the difference determined under Subsection (2)~~(e)~~(f)(ii)(A) by the value  
305 of the vehicle at the beginning of the lease, as stated in the lease agreement.

306 (3) (a) The board shall:

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

309 (ii) provide the claimant, estate, or trust with a written certification of the amount of  
310 tax credit the claimant, estate, or trust is allowed under this section.

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

313 (i) providing proof to the board in the form the board requires by rule;

314 (ii) receiving a written statement from the board acknowledging receipt of the proof;

315 and

316 (iii) retaining the written statement described in Subsection (3)(b)(ii).

317 (c) A claimant, estate, or trust shall retain the written certification described in  
318 Subsection (3)(a)(ii).

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

321 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or  
322 trust;

323 (b) for the taxable year in which a vehicle described in Subsection (2)(a) [~~or~~], (b), or  
324 (c) is purchased, a vehicle described in Subsection (2)[~~(c)~~](f) is leased, or conversion  
325 equipment described in Subsection (2)[~~(c)~~](d) or [~~(d)~~] (e) is installed; and

326 (c) once per vehicle.

327 (5) A claimant, estate, or trust may not assign a tax credit under this section to another  
328 person.

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

333 (7) In accordance with any rules prescribed by the commission under Subsection (8),  
334 the commission shall transfer at least annually from the General Fund into the Education Fund  
335 the amount by which the amount of tax credit claimed under this section for a taxable year  
336 exceeds \$500,000.

337 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

338 commission may make rules for making a transfer from the General Fund into the Education  
339 Fund as required by Subsection (7).

340 Section 3. **Retrospective operation.**

341 This bill has retrospective operation for a taxable year beginning on or after January 1,  
342 2015.

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**Legislative Review Note**  
as of 2-4-15 11:57 AM

**Office of Legislative Research and General Counsel**