

**Representative Stephen G. Handy** proposes the following substitute bill:

**CLEAN FUEL CONVERSION AMENDMENTS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stephen G. Handy**

Senate Sponsor: \_\_\_\_\_

**LONG TITLE**

**General Description:**

This bill amends the Conversion to Alternative Fuel Grant Program.

**Highlighted Provisions:**

This bill:

- ▶ creates the Conversion to Alternative Fuel Grant Program Fund;
- ▶ authorizes the Department of Environmental Quality to make grants from the Conversion to Alternative Fuel Grant Program Fund to a person who installs conversion equipment on an eligible vehicle;
- ▶ extends tax credits for energy efficient vehicles; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

This bill appropriates:

- ▶ to the Conversion to Alternative Fuel Grant Program Fund, as a one-time appropriation:
  - from the General Fund, \$500,000.

**Other Special Clauses:**

None

**Utah Code Sections Affected:**



26 AMENDS:

27 19-1-403, as last amended by Laws of Utah 2015, Chapter 381

28 19-2-302, as enacted by Laws of Utah 2015, Chapter 381

29 19-2-303, as enacted by Laws of Utah 2015, Chapter 381

30 19-2-304, as enacted by Laws of Utah 2015, Chapter 381

31 59-7-605, as last amended by Laws of Utah 2015, Chapters 381 and 439

32 59-10-1009, as last amended by Laws of Utah 2015, Chapters 381 and 439

33 ENACTS:

34 19-1-403.3, Utah Code Annotated 1953



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

37 Section 1. Section 19-1-403 is amended to read:

38 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**  
39 **grants made with fund money.**

40 (1) (a) There is created a revolving fund known as the Clean Fuels and Vehicle  
41 Technology Fund.

42 (b) The fund consists of:

43 (i) appropriations to the fund;

44 (ii) other public and private contributions made under Subsection (1)(c);

45 (iii) interest earnings on cash balances; and

46 (iv) all money collected for loan repayments and interest on loans.

47 (c) The department may accept contributions from other public and private sources for  
48 deposit into the fund.

49 (2) (a) The department may make a loan or a grant with money available in the fund  
50 for:

51 (i) [~~for~~] the conversion of a private sector business vehicle or a government vehicle to  
52 use a clean fuel, if certified by the Air Quality Board under Subsection 19-1-405(1)(a); or

53 (ii) [~~for~~] the purchase of an OEM vehicle for use as a private sector business vehicle or  
54 government vehicle[~~; or~~].

55 [~~(iii) to a person who installs conversion equipment on an eligible vehicle, as described~~  
56 ~~in Sections 19-2-301 through 19-2-304.~~]

57 (b) The amount of a loan for any vehicle under Subsection (2)(a) may not exceed:

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

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

60 (iii) the cost of purchasing the OEM vehicle if there is no documented incremental

61 cost.

62 (c) The amount of a grant for any vehicle under Subsection (2)(a) may not exceed:

63 (i) 50% of the actual cost of the vehicle conversion minus the amount of any tax credit  
64 claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant is requested;

65 or

66 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of  
67 any tax credit claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant  
68 is requested.

69 (d) (i) Subject to the availability of money in the fund, the department may make a loan  
70 or grant for the purchase of vehicle refueling equipment for a private sector business vehicle or  
71 a government vehicle.

72 (ii) The maximum amount loaned or granted per installation of refueling equipment  
73 may not exceed the actual cost of the refueling equipment.

74 (3) The department may:

75 (a) establish an application fee for a loan or grant from the fund by following the  
76 procedures and requirements of Section 63J-1-504; and

77 (b) reimburse itself for the costs incurred in administering the fund from:

78 (i) the fund; or

79 (ii) application fees established under Subsection (3)(a).

80 (4) (a) The fund balance may not exceed \$10,000,000.

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

83 (5) (a) Loans made from money in the fund shall be supported by loan documents  
84 evidencing the intent of the borrower to repay the loan.

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

87 Section 2. Section 19-1-403.3 is enacted to read:

88 **19-1-403.3. Conversion to Alternative Fuel Grant Program Fund -- Contents --**  
89 **Grants made with fund money.**

90 (1) (a) There is created an expendable special revenue fund known as the Conversion  
91 to Alternative Fuel Grant Program Fund.

92 (b) The fund consists of:

93 (i) appropriations to the fund;

94 (ii) other public and private contributions made under Subsection (1)(c); and

95 (iii) interest earnings on cash balances.

96 (c) The department may accept contributions from other public and private sources for  
97 deposit into the fund.

98 (2) The department may make a grant with money available in the fund to a person  
99 who installs conversion equipment on an eligible vehicle, as described in Sections [19-2-301](#)  
100 through [19-2-304](#).

101 (3) The department may:

102 (a) establish an application fee for a grant from the fund by following the procedures  
103 and requirements of Section [63J-1-504](#); and

104 (b) reimburse itself for the costs incurred in administering the fund from:

105 (i) the fund; or

106 (ii) application fees established under Subsection (3)(a).

107 (4) (a) The fund balance may not exceed \$10,000,000.

108 (b) Interest on cash balances in excess of the amount necessary to maintain the fund  
109 balance at \$10,000,000 shall be deposited into the General Fund.

110 Section 3. Section **19-2-302** is amended to read:

111 **19-2-302. Definitions.**

112 As used in this part:

113 (1) "Air quality standards" means vehicle emission standards equal to or greater than  
114 the standards established in bin 4 in Table S04-1 of 40 C.F.R. 86.1811-04(c)(6).

115 (2) "Alternative fuel" means:

116 (a) propane, natural gas, or electricity; or

117 (b) other fuel that the board determines, by rule, to be:

118 (i) at least as effective in reducing air pollution as the fuels listed in Subsection (2)(a);

119 or

120 (ii) substantially more effective in reducing air pollution as the fuel for which the  
121 engine was originally designed.

122 (3) "Board" means the Air Quality Board.

123 (4) "Clean fuel grant" means a grant awarded under [~~Title 19, Chapter 1, Part 4, Clean~~  
124 ~~Fuels and Vehicle Technology Program Act,~~] this part from the Conversion to Alternative Fuel  
125 Grant Program Fund created in Section 19-1-403.3 for reimbursement for a portion of the  
126 incremental cost of an OEM vehicle or the cost of conversion equipment.

127 (5) "Conversion equipment" means equipment designed to:

128 (a) allow an eligible vehicle to operate on an alternative fuel; and

129 (b) reduce an eligible vehicle's emissions of regulated pollutants, as demonstrated by:

130 (i) certification of the conversion equipment by the Environmental Protection Agency  
131 or by a state or country that has certification standards that are recognized, by rule, by the  
132 board;

133 (ii) testing the eligible vehicle, before and after the installation of the equipment, in  
134 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway  
135 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

136 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
137 19-1-406, satisfying the emission standards described in Section 19-1-406; or

138 (iv) any other test or standard recognized by board rule, made in accordance with Title  
139 63G, Chapter 3, Utah Administrative Rulemaking Act.

140 (6) "Cost" means the total reasonable cost of a conversion kit and the paid labor, if any,  
141 required to install it.

142 (7) "Director" means the director of the Division of Air Quality.

143 (8) "Division" means the Division of Air Quality, created in Subsection 19-1-105(1)(a).

144 (9) "Eligible vehicle" means a:

145 (a) commercial vehicle, as defined in Section 41-1a-102;

146 (b) farm tractor, as defined in Section 41-1a-102; or

147 (c) motor vehicle, as defined in Section 41-1a-102.

148 Section 4. Section 19-2-303 is amended to read:

149 **19-2-303. Grants and programs -- Conditions.**

150 (1) The director may make grants from the Conversion to Alternative Fuel Grant  
151 Program Fund created in Section 19-1-403.3 to a person who installs conversion equipment on  
152 an eligible vehicle as described in this part.

153 (2) A person who installs conversion equipment on an eligible vehicle:

154 (a) may apply to the division for a grant to offset the cost of installation; and

155 (b) shall pass along any savings on the cost of conversion equipment to the owner of  
156 the eligible vehicle being converted in the amount of grant money received.

157 (3) As a condition for receiving the grant, a person who installs conversion equipment  
158 shall agree to:

159 (a) provide information to the division about the eligible vehicle to be converted with  
160 the grant proceeds;

161 (b) allow inspections by the division to ensure compliance with the terms of the grant;  
162 and

163 (c) comply with the conditions for the grant.

164 (4) A grant issued under this section may not exceed the lesser of 50% of the cost of  
165 the conversion system and associated labor, or \$2,500, per converted eligible vehicle.

166 Section 5. Section **19-2-304** is amended to read:

167 **19-2-304. Duties and authorities -- Rulemaking.**

168 (1) The board may, by following the procedures and requirements of Title 63G,  
169 Chapter 3, Utah Administrative Rulemaking Act, make rules:

170 (a) specifying the amount of money to be dedicated annually for grants under this part;

171 (b) specifying criteria the director shall consider in prioritizing and awarding grants,  
172 including a limitation on the types of vehicles that are eligible for funds;

173 (c) specifying the minimum qualifications of a person who:

174 (i) installs conversion equipment on an eligible vehicle; and

175 (ii) receives a grant from the division;

176 (d) specifying the terms of a grant; and

177 (e) requiring all grant applicants to apply on forms provided by the division.

178 (2) The division shall:

179 (a) administer [~~fund~~s] the Conversion to Alternative Fuel Grant Program Fund to  
180 encourage eligible vehicle owners to reduce emissions from eligible vehicles; and

181 (b) provide information about which conversion technology meets the requirements of  
182 this part.

183 (3) The division may inspect vehicles for which a grant was made to ensure  
184 compliance with the terms of the grant.

185 Section 6. Section **59-7-605** is amended to read:

186 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

187 (1) As used in this section:

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

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

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

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

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

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

201 (ii) special mobile equipment on which conversion equipment has been installed has  
202 reduced emissions.

203 (d) "Clean fuel grant" means a grant awarded:

204 (i) under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program  
205 Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of  
206 conversion equipment; or

207 (ii) under Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel Grant Program.

208 (e) "Conversion equipment" means equipment described in Subsection (2)(d) or (e).

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

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

- 212 (h) "Qualifying electric motorcycle" means a vehicle that:
- 213 (i) has a seat or saddle for the use of the rider;
- 214 (ii) is designed to travel with not more than three wheels in contact with the ground;
- 215 (iii) may lawfully be operated on a freeway, as defined in Section [41-6a-102](#);
- 216 (iv) is not fueled by natural gas;
- 217 (v) is fueled by electricity only; and
- 218 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in

219 Subsection (1)(h)(v).

- 220 (i) "Qualifying electric vehicle" means a vehicle that:
- 221 (i) meets air quality standards;
- 222 (ii) is not fueled by natural gas;
- 223 (iii) is fueled by electricity only; and
- 224 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in

225 Subsection (1)(i)(iii).

- 226 (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:
- 227 (i) meets air quality standards;
- 228 (ii) is not fueled by natural gas or propane;
- 229 (iii) has a battery capacity that meets or exceeds the battery capacity described in

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

- 231 (iv) is fueled by a combination of electricity and:
- 232 (A) diesel fuel;
- 233 (B) gasoline; or
- 234 (C) a mixture of gasoline and ethanol.

235 (k) "Reduced emissions" means:

- 236 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
- 237 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in
- 238 Subsection (2)(e)(i) or (ii), is less than the emissions were before the installation of the
- 239 conversion equipment, as demonstrated by:

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

241 Agency or by a state that has certification standards 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;

245 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
246 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the  
247 emission standards applicable under Section 19-1-406; or

248 (D) any other test or standard recognized by board rule, made in accordance with Title  
249 63G, Chapter 3, Utah Administrative Rulemaking Act; or

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

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

256 (B) any other test or standard recognized by board rule, made in accordance with Title  
257 63G, Chapter 3, Utah Administrative Rulemaking Act.

258 (l) "Special mobile equipment":

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

261 (ii) includes construction or maintenance equipment.

262 (2) For the taxable years beginning on or after January 1, 2015, but beginning on or  
263 before December 31, ~~[2016]~~ 2020, a taxpayer may claim a tax credit against tax otherwise due  
264 under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to  
265 Pay Corporate Franchise or Income Tax Act, in an amount equal to:

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

268 (A) \$1,500; or

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

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

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

- 274 (i) \$1,500; or
- 275 (ii) 35% of the purchase price of the vehicle;
- 276 (c) for the original purchase of a new qualifying electric motorcycle that is registered in
- 277 this state, the lesser of:
  - 278 (i) \$750; or
  - 279 (ii) 35% of the purchase price of the vehicle;
- 280 (d) 50% of the cost of equipment for conversion, if certified by the board, of a motor
- 281 vehicle registered in this state minus the amount of any clean fuel grant received, up to a
- 282 maximum tax credit of \$1,500 per motor vehicle, if the motor vehicle is to:
  - 283 (i) be fueled by propane, natural gas, or electricity;
  - 284 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at
  - 285 least as effective in reducing air pollution as fuels under Subsection (2)(d)(i); or
  - 286 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act
  - 287 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;
- 288 (e) 50% of the cost of equipment for conversion, if certified by the board, of a special
- 289 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum
- 290 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to
- 291 be fueled by:
  - 292 (i) propane, natural gas, or electricity; or
  - 293 (ii) other fuel the board determines annually on or before July 1 to be:
    - 294 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(e)(i);
    - 295 or
    - 296 (B) substantially more effective in reducing air pollution than the fuel for which the
    - 297 engine was originally designed; and
  - 298 (f) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to
  - 299 the product of:
    - 300 (i) the amount of tax credit the taxpayer would otherwise qualify to claim under
    - 301 Subsection (2)(a), (b), or (c) had the taxpayer purchased the vehicle, except that the purchase
    - 302 price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or (2)(c)(ii) is considered to be the value
    - 303 of the vehicle at the beginning of the lease; and
    - 304 (ii) a percentage calculated by:

305 (A) determining the difference between the value of the vehicle at the beginning of the  
306 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
307 stated in the lease agreement; and

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

310 (3) (a) The board shall:

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

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

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

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

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

318 and

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

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

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

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

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

329 (c) once per vehicle.

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

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

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

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

343 Section 7. Section **59-10-1009** is amended to read:

344 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

345 (1) As used in this section:

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

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

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

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

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

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

359 (ii) special mobile equipment on which conversion equipment has been installed has  
360 reduced emissions.

361 (d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19,  
362 Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act or Title 19, Chapter 2,  
363 Part 3, Conversion to Alternative Fuel Grant Program, for reimbursement of a portion of the  
364 incremental cost of the OEM vehicle or the cost of conversion equipment.

365 (e) "Conversion equipment" means equipment described in Subsection (2)(d) or (e).

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

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

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

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

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

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

373 (iv) is not fueled by natural gas;

374 (v) is fueled by electricity only; and

375 (vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in  
376 Subsection (1)(h)(v).

377 (i) "Qualifying electric vehicle" means a vehicle that:

378 (i) meets air quality standards;

379 (ii) is not fueled by natural gas;

380 (iii) is fueled by electricity only; and

381 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in  
382 Subsection (1)(i)(iii).

383 (j) "Qualifying plug-in hybrid vehicle" means a vehicle that:

384 (i) meets air quality standards;

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

386 (iii) has a battery capacity that meets or exceeds the battery capacity described in  
387 Section 30D(b)(3), Internal Revenue Code; and

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

389 (A) diesel fuel;

390 (B) gasoline; or

391 (C) a mixture of gasoline and ethanol.

392 (k) "Reduced emissions" means:

393 (i) for purposes of a motor vehicle on which conversion equipment has been installed,  
394 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in  
395 Subsection (2)(e)(i) or (ii), is less than the emissions were before the installation of the  
396 conversion equipment, as demonstrated by:

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

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

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

402 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section  
403 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the  
404 emission standards applicable under Section 19-1-406; or

405 (D) any other test or standard recognized by board rule, made in accordance with Title  
406 63G, Chapter 3, Utah Administrative Rulemaking Act; or

407 (ii) for purposes of special mobile equipment on which conversion equipment has been  
408 installed, that the special mobile equipment's emissions of regulated pollutants, when operating  
409 on a fuel listed in Subsection (2)(e)(i) or (ii), is less than the emissions were before the  
410 installation of conversion equipment, as demonstrated by:

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

413 (B) any other test or standard recognized by board rule, made in accordance with Title  
414 63G, Chapter 3, Utah Administrative Rulemaking Act.

415 (1) "Special mobile equipment":

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

418 (ii) includes construction or maintenance equipment.

419 (2) For the taxable years beginning on or after January 1, 2015, but beginning on or  
420 before December 31, ~~2016~~ 2020, a claimant, estate, or trust may claim a nonrefundable tax  
421 credit against tax otherwise due under this chapter in an amount equal to:

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

424 (A) \$1,500; or

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

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

428 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is

429 registered in this state, the lesser of:

430 (i) \$1,500; or

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

432 (c) for the original purchase of a new qualifying electric motorcycle that is registered in

433 this state, the lesser of:

434 (i) \$750; or

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

436 (d) 50% of the cost of equipment for conversion, if certified by the board, of a motor

437 vehicle registered in this state minus the amount of any clean fuel grant received, up to a

438 maximum tax credit of \$1,500 per vehicle, if the motor vehicle:

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

440 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be

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

442 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act

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

444 (e) 50% of the cost of equipment for conversion, if certified by the board, of a special

445 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum

446 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to

447 be fueled by:

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

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

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

451 or

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

453 engine was originally designed; and

454 (f) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal to

455 the product of:

456 (i) the amount of tax credit the claimant, estate, or trust would otherwise qualify to

457 claim under Subsection (2)(a), (b), or (c) had the claimant, estate, or trust purchased the

458 vehicle, except that the purchase price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or

459 (2)(c)(ii) is considered to be the value of the vehicle at the beginning of the lease; and

460 (ii) a percentage calculated by:  
461 (A) determining the difference between the value of the vehicle at the beginning of the  
462 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as  
463 stated in the lease agreement; and  
464 (B) dividing the difference determined under Subsection (2)(f)(ii)(A) by the value of  
465 the vehicle at the beginning of the lease, as stated in the lease agreement.  
466 (3) (a) The board shall:  
467 (i) determine the amount of tax credit a claimant, estate, or trust is allowed under this  
468 section; and  
469 (ii) provide the claimant, estate, or trust with a written certification of the amount of  
470 tax credit the claimant, estate, or trust is allowed under this section.  
471 (b) A claimant, estate, or trust shall provide proof of the purchase or lease of an item  
472 for which a tax credit is allowed under this section by:  
473 (i) providing proof to the board in the form the board requires by rule;  
474 (ii) receiving a written statement from the board acknowledging receipt of the proof;  
475 and  
476 (iii) retaining the written statement described in Subsection (3)(b)(ii).  
477 (c) A claimant, estate, or trust shall retain the written certification described in  
478 Subsection (3)(a)(ii).  
479 (4) Except as provided by Subsection (5), the tax credit under this section is allowed  
480 only:  
481 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or  
482 trust;  
483 (b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is  
484 purchased, a vehicle described in Subsection (2)(f) is leased, or conversion equipment  
485 described in Subsection (2)(d) or (e) is installed; and  
486 (c) once per vehicle.  
487 (5) A claimant, estate, or trust may not assign a tax credit under this section to another  
488 person.  
489 (6) If the amount of a tax credit claimed by a claimant, estate, or trust under this  
490 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable



491 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period  
492 that does not exceed the next five taxable years.

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

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

500 Section 8. **Appropriation.**

501 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for  
502 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money  
503 are appropriated from resources not otherwise appropriated, or reduced from amounts  
504 previously appropriated, out of the funds or amounts indicated. These sums of money are in  
505 addition to amounts previously appropriated for fiscal year 2017.

506 To the Department of Environmental Quality, Conversion to Alternative Fuel Grant  
507 Program Fund

508 From General Fund, One-time \$500,000

509 Schedule of Programs:

510 Conversion to Alternative Fuel Grant Program Fund \$500,000

511 The Legislature intends that the appropriation under this section be used by the Division  
512 of Air Quality to provide grants to an individual who installs conversion equipment on an  
513 eligible vehicle, as described by Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel  
514 Grant Program. The Legislature intends that, under Section [63J-1-603](#), appropriations under  
515 this section not lapse at the close of fiscal year 2017.