

## HB0087S03 compared with HB0087S02

~~text~~ shows text that was in HB0087S02 but was deleted in HB0087S03.

text shows text that was not in HB0087S02 but was inserted into HB0087S03.

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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: ~~\_\_\_\_\_~~ Todd Weiler

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#### 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;
- ▶ repeals tax credits for conversion equipment for vehicles ~~on January 1, 2017~~;
- ▶ extends tax credits for certain vehicles ~~until December 31, 2020~~; and
- ▶ makes technical changes.

##### Money Appropriated in this Bill:

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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 }~~ This bill provides a special effective date.

### Utah Code Sections Affected:

AMENDS:

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

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

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

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

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

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

**63I-2-219**, as last amended by Laws of Utah 2015, Chapter 258

~~{ **63I-2-259**, as last amended by Laws of Utah 2015, Chapter 139 }~~

ENACTS:

**19-1-403.3**, Utah Code Annotated 1953

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

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

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

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

(b) The fund consists of:

(i) appropriations to the fund;

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

(iii) interest earnings on cash balances; and

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

(c) The department may accept contributions from other public and private sources for

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deposit into the fund.

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

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

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

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

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

(i) the actual cost of the vehicle conversion;

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

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

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

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

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

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

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

(3) The department may:

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

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

(i) the fund; or

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

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

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

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

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

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

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

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

(b) The fund consists of:

(i) appropriations to the fund;

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

(iii) fees established by the department, as described in Subsection (3)(a), and deposited into the fund; and

~~(iii)~~ (iv) interest earnings on cash balances.

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

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

(3) The department may:

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

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

(i) the fund; or

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

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

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

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

### **19-2-302. Definitions.**

As used in this part:

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

(2) "Alternative fuel" means:

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

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

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

or

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

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

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

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

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

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

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

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

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

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

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63G, Chapter 3, Utah Administrative Rulemaking Act.

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

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

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

(9) "Eligible vehicle" means a:

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

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

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

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

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

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

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

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

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

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

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

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

(c) comply with the conditions for the grant.

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

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

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

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

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- (a) specifying the amount of money to be dedicated annually for grants under this part;
  - (b) specifying criteria the director shall consider in prioritizing and awarding grants, including a limitation on the types of vehicles that are eligible for funds;
  - (c) specifying the minimum qualifications of a person who:
    - (i) installs conversion equipment on an eligible vehicle; and
    - (ii) receives a grant from the division;
  - (d) specifying the terms of a grant; and
  - (e) requiring all grant applicants to apply on forms provided by the division.
- (2) The division shall:
- (a) administer ~~[funds]~~ the Conversion to Alternative Fuel Grant Program Fund to encourage eligible vehicle owners to reduce emissions from eligible vehicles; and
  - (b) provide information about which conversion technology meets the requirements of this part.
- (3) The division may inspect vehicles for which a grant was made to ensure compliance with the terms of the grant.

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

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

- (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 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; and]~~

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

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~~[(ii) special mobile equipment on which conversion equipment has been installed has reduced emissions.]~~

~~[(d) "Clean fuel grant" means a grant awarded.]~~

~~[(i) 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; or]~~

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

~~[(e) "Conversion equipment" means equipment described in Subsection (2)(d) or (e).]~~

~~[(f)] (c) "OEM vehicle" [has] means the same [meaning] as that term is defined in Section 19-1-402.~~

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

~~[(h)] (e) "Qualifying electric motorcycle" means a vehicle that:~~

- ~~(i) has a seat or saddle for the use of the rider;~~
- ~~(ii) is designed to travel with not more than three wheels in contact with the ground;~~
- ~~(iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;~~
- ~~(iv) is not fueled by natural gas;~~
- ~~(v) is fueled by electricity only; and~~
- ~~(vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in~~

~~Subsection (1)[(h)](e)(v).~~

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

- ~~(i) meets air quality standards;~~
- ~~(ii) is not fueled by natural gas;~~
- ~~(iii) [is fueled by electricity only] draws propulsion energy from a battery with at least~~

~~10 kilowatt hours of capacity; and~~

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

~~Subsection (1)[(i)](f)(iii).~~

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

- ~~(i) meets air quality standards;~~
- ~~(ii) is not fueled by natural gas or propane;~~
- ~~(iii) has a battery capacity that meets or exceeds the battery capacity described in~~



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

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

(A) diesel fuel;

(B) gasoline; or

(C) a mixture of gasoline and ethanol.

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

~~[(i) for purposes of a motor vehicle on which conversion equipment has been installed, that 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 the conversion equipment, as demonstrated by:]~~

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

~~[(B) 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 Vehicles and Engines, using all fuel the motor vehicle is capable of using;]~~

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

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

~~[(ii) for purposes of special mobile equipment on which conversion equipment has been installed, that the special mobile equipment'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, as demonstrated by:]~~

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

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

~~[(f) "Special mobile equipment":]~~

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

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~~[(ii) includes construction or maintenance equipment.]~~

(2) For the taxable years beginning on or after January 1, 2015, but beginning on or before December 31, ~~[2016]~~ 2020, 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) (i) for the original purchase of a new qualifying electric vehicle that is registered in this state, the lesser of:

(A) \$1,500; or

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

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

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

(i) \$1,500; or

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

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

(i) \$750; or

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

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

~~[(e) 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:]~~

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~~[(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)(c)(i); or]~~

~~[(B) substantially more effective in reducing air pollution than the fuel for which the engine was originally designed; and]~~

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

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

(ii) a percentage calculated by:

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

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

(3) (a) The board shall:

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

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

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

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

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

and

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

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

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

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

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

(c) once per vehicle.

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

(6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, 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.

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

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

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

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

(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 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:]~~

~~[(A) before the installation of conversion equipment, the vehicle does not exceed the~~

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~~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; and~~

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

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

~~(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 or Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel Grant Program, for reimbursement of a portion of the incremental cost of the OEM vehicle or the cost of conversion equipment.~~

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

~~(f)(c) "OEM vehicle" [has] means the same [meaning] as that term is defined in Section 19-1-402.~~

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

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

- ~~(i) has a seat or saddle for the use of the rider;~~
- ~~(ii) is designed to travel with not more than three wheels in contact with the ground;~~
- ~~(iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;~~
- ~~(iv) is not fueled by natural gas;~~
- ~~(v) is fueled by electricity only; and~~
- ~~(vi) is an OEM vehicle except that the vehicle is fueled by a fuel described in~~

~~Subsection (1)(h)(e)(v).~~

~~(f)(f) "Qualifying electric vehicle" means a vehicle that:~~

- ~~(i) meets air quality standards;~~
- ~~(ii) is not fueled by natural gas;~~
- ~~(iii) [is fueled by electricity only] draws propulsion energy from a battery with at least 10 kilowatt hours of capacity; and~~
- ~~(iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in~~

~~Subsection (1)(f)(f)(iii).~~

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~~[(f)]~~ [(g)] "Qualifying plug-in hybrid vehicle" means a vehicle that:

- (i) meets air quality standards;
- (ii) is not fueled by natural gas or propane;
- (iii) has a battery capacity that meets or exceeds the battery capacity described in

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

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

- (A) diesel fuel;
- (B) gasoline; or
- (C) a mixture of gasoline and ethanol.

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

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

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

~~[(B)]~~ 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 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

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

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

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

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

~~[(B)]~~ any other test or standard recognized by board rule, made in accordance with Title

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~~63G, Chapter 3, Utah Administrative Rulemaking Act.~~

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

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

(A) \$1,500; or

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

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

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

(i) \$1,500; or

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

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

(i) \$750; or

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

~~[(d) 50% of the cost of equipment for conversion, if certified by the board, of a motor vehicle registered in this state minus the amount of any clean fuel grant received, up to a maximum tax credit of \$1,500 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)(d)(i); or]~~

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

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

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~~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)(c)(i); or]~~

~~[(B) substantially more effective in reducing air pollution than the fuel for which the engine was originally designed; and]~~

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

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

(ii) a percentage calculated by:

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

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

(3) (a) The board shall:

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

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

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

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

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

and



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

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

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

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

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

(c) once per vehicle.

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

(6) 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.

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

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

Section 8. Section **63I-2-219** is amended to read:

### **63I-2-219. Repeal dates -- Title 19.**

(1) Subsection 19-1-403(2)(c)(i), the language that states "minus the amount of any tax credit claimed under Section 59-7-605 or 59-10-1009" is repealed on January 1, 2017.

(2) Subsection 19-1-403(2)(c)(ii), the language that states "minus the amount of any tax credit claimed under Section 59-7-605 or 59-10-1009" is repealed on January 1, 2017.

~~{ Section 9. Section **63I-2-259** is amended to read:~~

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~~631-2-259. Repeal dates -- Title 59:~~

~~[(1) Subsection 59-2-919(10) is repealed December 31, 2015.]~~

~~[(2) Subsection 59-2-919.1(4) is repealed December 31, 2015.]~~

~~[(3)] (1) Subsection 59-2-1007(14) is repealed on December 31, 2018:~~

~~(2) Subsections 59-7-605(1)(c), (d), (e), and (k) are repealed on December 31, 2016:~~

~~(3) Subsections 59-7-605(2)(d) and (e) are repealed on December 31, 2016:~~

~~(4) Subsection 59-7-605(4)(b), the language stating, ", or conversion equipment described in Subsection (2)(d) or (e) is installed" is repealed on December 31, 2016:~~

~~(5) Subsections 59-10-1009(1)(c), (d), (e), and (k) are repealed on December 31, 2016:~~

~~(6) Subsections 59-10-1009(2)(d) and (e) are repealed on December 31, 2016:~~

~~(7) Subsection 59-10-1009(4)(b), the language stating, ", or conversion equipment described in Subsection (2)(d) or (e) is installed" is repealed on December 31, 2016:~~

~~(8) On December 31, 2016, when making the changes in this section, the Office of Legislative Research and General Counsel shall, in addition to its authority under Subsection 36-12-12(3), make corrections necessary to ensure that sections and subsections identified in this section are complete sentences and accurately reflect the office's perception of the Legislature's intent.~~

† Section ~~{10}~~9. **Appropriation.**

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

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

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

Schedule of Programs:

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

The Legislature intends that the appropriation under this section be used by the Division of Air Quality to provide grants to an individual who installs conversion equipment on an eligible vehicle, as described by Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel

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Grant Program. The Legislature intends that, under Section 63J-1-603, appropriations under this section not lapse at the close of fiscal year 2017.

### Section 10. Effective date.

(1) Except as provided in Subsection (2), this bill takes effect on May 10, 2016.

(2) The amendments to Sections 59-7-605 and 59-10-1009 take effect for a taxable year beginning on or after January 1, 2017.