

ENERGY EFFICIENT VEHICLE TAX CREDIT

AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen G. Handy

Senate Sponsor: _____

LONG TITLE

Committee Note:

The Natural Resources, Agriculture, and Environment Interim Committee recommended this bill.

General Description:

This bill modifies the corporate and individual income tax credits related to energy efficient vehicles.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ amends the Air Quality Board's rulemaking authority;
- ▶ extends the corporate and individual income tax credits related to energy efficient vehicles;
- ▶ authorizes assignment of the corporate and individual income tax credits; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:



28 AMENDS:

29 **19-2-104**, as last amended by Laws of Utah 2015, Chapter 154

30 **59-7-605**, as last amended by Laws of Utah 2016, Chapters 369 and 375

31 **59-10-1009**, as last amended by Laws of Utah 2016, Chapters 369 and 375



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

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

35 **19-2-104. Powers of board.**

36 (1) The board may make rules in accordance with Title 63G, Chapter 3, Utah

37 Administrative Rulemaking Act:

38 (a) regarding the control, abatement, and prevention of air pollution from all sources
39 and the establishment of the maximum quantity of air pollutants that may be emitted by an air
40 pollutant source;

41 (b) establishing air quality standards;

42 (c) requiring persons engaged in operations that result in air pollution to:

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

44 (ii) file periodic reports containing information relating to the rate, period of emission,
45 and composition of the air pollutant; and

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

48 (d) (i) implementing:

49 (A) Toxic Substances Control Act, Subchapter II, Asbestos Hazard Emergency
50 Response, 15 U.S.C. 2601 et seq.;

51 (B) 40 C.F.R. Part 763, Asbestos; and

52 (C) 40 C.F.R. Part 61, National Emission Standards for Hazardous Air Pollutants,
53 Subpart M, National Emission Standard for Asbestos; and

54 (ii) reviewing and approving asbestos management plans submitted by local education
55 agencies under the Toxic Substances Control Act, Subchapter II, Asbestos Hazard Emergency
56 Response, 15 U.S.C. 2601 et seq.;

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

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

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

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

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

72 (j) to implement the requirements of Section [19-2-107.5](#).

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

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

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

77 (3) (a) The board may:

78 (i) hold a hearing that is not an adjudicative proceeding relating to any aspect of, or
79 matter in, the administration of this chapter;

80 (ii) recommend that the director:

81 (A) issue orders necessary to enforce the provisions of this chapter;

82 (B) enforce the orders by appropriate administrative and judicial proceedings;

83 (C) institute judicial proceedings to secure compliance with this chapter; or

84 (D) advise, consult, contract, and cooperate with other agencies of the state, local
85 governments, industries, other states, interstate or interlocal agencies, the federal government,
86 or interested persons or groups; and

87 (iii) establish certification requirements for asbestos project monitors, which shall
88 provide for experience-based certification of a person who:

89 (A) receives relevant asbestos training, as defined by rule; and

90 (B) has acquired a minimum of 1,000 hours of asbestos project monitoring related
91 work experience.

92 (b) The board shall:

93 (i) to ensure compliance with applicable statutes and regulations:

94 (A) review a settlement negotiated by the director in accordance with Subsection
95 19-2-107(2)(b)(viii) that requires a civil penalty of \$25,000 or more; and

96 (B) approve or disapprove the settlement;

97 (ii) encourage voluntary cooperation by persons and affected groups to achieve the
98 purposes of this chapter;

99 (iii) meet the requirements of federal air pollution laws;

100 (iv) by rule in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
101 Act, establish work practice and certification requirements for persons who:

102 (A) contract for hire to conduct demolition, renovation, salvage, encapsulation work
103 involving friable asbestos-containing materials, or asbestos inspections if:

104 (I) the contract work is done on a site other than a residential property with four or
105 fewer units; or

106 (II) the contract work is done on a residential property with four or fewer units where a
107 tested sample contained greater than 1% of asbestos;

108 (B) conduct work described in Subsection (3)(b)(iv)(A) in areas to which the general
109 public has unrestrained access or in school buildings that are subject to the federal Asbestos
110 Hazard Emergency Response Act of 1986;

111 (C) conduct asbestos inspections in facilities subject to 15 U.S.C. 2601 et seq., Toxic
112 Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response; or

113 (D) conduct lead-based paint inspections in facilities subject to 15 U.S.C. 2601 et seq.,
114 Toxic Substances Control Act, Subchapter IV -- Lead Exposure Reduction;

115 (v) establish certification requirements for a person required under 15 U.S.C. 2601 et
116 seq., Toxic Substances Control Act, Subchapter II - Asbestos Hazard Emergency Response, to
117 be accredited as an inspector, management planner, abatement project designer, asbestos
118 abatement contractor and supervisor, or an asbestos abatement worker;

119 (vi) establish certification procedures and ~~[requirements for certification of the~~
120 ~~conversion of a motor vehicle to a clean-fuel vehicle, certifying the]~~ the form for submitting

121 proof of purchase or lease of a vehicle that is eligible for the tax credit [~~granted~~] described in
122 Section 59-7-605 or 59-10-1009;

123 (vii) establish certification requirements for a person required under 15 U.S.C. 2601 et
124 seq., Toxic Control Act, Subchapter IV - Lead Exposure Reduction, to be accredited as an
125 inspector, risk assessor, supervisor, project designer, abatement worker, renovator, or dust
126 sampling technician; and

127 (viii) assist the State Board of Education in adopting school bus idling reduction
128 standards and implementing an idling reduction program in accordance with Section
129 41-6a-1308.

130 (4) A rule adopted under this chapter shall be consistent with provisions of federal
131 laws, if any, relating to control of motor vehicles or motor vehicle emissions.

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

136 (6) (a) The board may not require testing for asbestos or related materials on a
137 residential property with four or fewer units, unless:

138 (i) the property's construction was completed before January 1, 1981; or

139 (ii) the testing is for:

140 (A) a sprayed-on or painted on ceiling treatment that contained or may contain asbestos
141 fiber;

142 (B) asbestos cement siding or roofing materials;

143 (C) resilient flooring products including vinyl asbestos tile, sheet vinyl products,
144 resilient flooring backing material, whether attached or unattached, and mastic;

145 (D) thermal-system insulation or tape on a duct or furnace; or

146 (E) vermiculite type insulation materials.

147 (b) A residential property with four or fewer units is subject to an abatement rule made
148 under Subsection (1) or (3)(b)(iv) if:

149 (i) a sample from the property is tested for asbestos; and

150 (ii) the sample contains asbestos measuring greater than 1%.

151 (7) The board may not issue, amend, renew, modify, revoke, or terminate any of the

152 following that are subject to the authority granted to the director under Section 19-2-107 or
153 19-2-108:

- 154 (a) a permit;
- 155 (b) a license;
- 156 (c) a registration;
- 157 (d) a certification; or
- 158 (e) another administrative authorization made by the director.

159 (8) A board member may not speak or act for the board unless the board member is
160 authorized by a majority of a quorum of the board in a vote taken at a meeting of the board.

161 (9) Notwithstanding Subsection (7), the board may exercise all authority granted to the
162 board by a federally enforceable state implementation plan.

163 Section 2. Section 59-7-605 is amended to read:

164 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

165 (1) As used in this section:

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

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

170 (c) "Director" means the director of the Division of Air Quality appointed under
171 Section 19-2-107.

172 (d) "Election statement" means a document that:

173 (i) is executed by:

174 (A) the taxpayer; and

175 (B) the financing entity, the financing entity's agent, or the financing entity's designee;

176 (ii) identifies the vehicle identification number of the vehicle that qualifies for a tax
177 credit under this section; and

178 (iii) affirms that the requirements described in Subsection (3) have been met.

179 (e) "Financing entity" means the entity that finances the purchase or lease of a vehicle
180 that qualifies for a tax credit under this section.

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

182 [~~d~~] (g) "Original purchase" means the purchase of a vehicle that has never been titled

183 or registered and has been driven less than 7,500 miles.

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

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

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

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

188 ~~[(iv) is not fueled by natural gas;]~~

189 ~~[(v)]~~ (iv) is fueled by electricity only; and

190 ~~[(vi)]~~ (v) is an OEM vehicle except that the vehicle is fueled by a fuel described in

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

192 ~~[(f)]~~ (i) "Qualifying long-range electric vehicle" means a vehicle that:

193 (i) meets air quality standards;

194 ~~[(ii) is not fueled by natural gas;]~~

195 ~~[(iii) draws propulsion energy from]~~

196 (ii) has a battery [with] capacity of at least 10 kilowatt hours [of capacity, and];

197 (iii) is fueled by electricity only or a combination of electricity and:

198 (A) diesel fuel;

199 (B) gasoline; or

200 (C) a mixture of gasoline and ethanol; and

201 (iv) is an OEM vehicle except that the vehicle is fueled ~~[by a fuel]~~ as described in

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

203 ~~[(g)]~~ (i) "Qualifying ~~[plug-in hybrid]~~ short-range electric vehicle" means a vehicle that:

204 (i) meets air quality standards;

205 ~~[(ii) is not fueled by natural gas or propane;]~~

206 ~~[(iii)]~~ (ii) has a battery capacity that meets or exceeds the battery capacity described in

207 Section 30D(b)(3), Internal Revenue Code, but has less than 10 kilowatt hours of battery

208 capacity; [and]

209 ~~[(iv)]~~ (iii) is fueled by electricity only or a combination of electricity and:

210 (A) diesel fuel;

211 (B) gasoline; or

212 (C) a mixture of gasoline and ethanol~~[-];~~ and

213 (iv) is an OEM vehicle except that the vehicle is fueled as described in Subsection

214 (1)(j)(iii).

215 (2) For a taxable year beginning [~~on or after January 1, 2015, but beginning~~] on or
216 before December 31, [~~2016~~] 2021, a taxpayer may claim a nonrefundable tax credit against tax
217 otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not
218 Required to Pay Corporate Franchise or Income Tax Act, in an amount equal to:

219 (a) [~~(i)~~] for the original purchase of a new qualifying long-range electric vehicle that is
220 registered in this state, [~~the lesser of: (A)~~] \$1,500; [~~or~~]

221 [~~(B) 35% of the purchase price of the vehicle; or~~]

222 [~~(ii)~~] (b) for the original purchase of a new qualifying [~~plug-in hybrid~~] short-range
223 electric vehicle that is registered in this state, \$1,000;

224 [~~(b)~~] (c) for the original purchase of a new vehicle fueled by natural gas or propane that
225 is registered in this state, [~~the lesser of: (i)~~] \$1,500; [~~or~~]

226 [~~(ii) 35% of the purchase price of the vehicle;~~]

227 [~~(c)~~] (d) for the original purchase of a new qualifying electric motorcycle that is
228 registered in this state, [~~the lesser of: (i)~~] \$750; [~~or~~] and

229 [~~(ii) 35% of the purchase price of the vehicle; and~~]

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

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

236 (ii) a percentage calculated by:

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

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

242 [~~(3)(a) The board shall:~~]

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

244 [~~(ii) provide the taxpayer with a written certification of the amount of tax credit the~~]

245 taxpayer is allowed under this section.]

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

248 ~~[(i) providing proof to the board in the form the board requires by rule;]~~

249 ~~[(ii) receiving a written statement from the board acknowledging receipt of the proof;~~
250 ~~and]~~

251 ~~[(iii) retaining the written statement described in Subsection (3)(b)(ii).]~~

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

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

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

258 ~~[(b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is~~
259 ~~purchased or a vehicle described in Subsection (2)(d) is leased; and]~~

260 ~~[(c) once per vehicle.]~~

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

262 (3) (a) Except as provided in Subsection (3)(b), a taxpayer may not assign a tax credit
263 under this section to another person.

264 (b) A taxpayer may assign a tax credit under this section to a financing entity as
265 follows:

266 (i) in exchange for the consideration described in Subsection (3)(b)(iv), the taxpayer
267 shall assign the tax credit to the financing entity and forfeit the right to claim the tax credit on
268 the taxpayer's income tax return;

269 (ii) the taxpayer shall assign the tax credit to the financing entity by executing an
270 election statement described in Subsection (3)(c) at the time of the purchase or lease of a
271 vehicle described in Subsection (2)(a), (b), (c), or (d);

272 (iii) the taxpayer shall title and register the vehicle in the state as required by Title 41,
273 Chapter 1a, Part 5, Titling Requirement, and Title 41, Chapter 1a, Part 2, Registration; and

274 (iv) the financing entity shall compensate the taxpayer the amount of the tax credit
275 described in Subsection (2) for the type of vehicle purchased or leased, except that the

276 financing entity may collect an administrative fee equal to or less than \$150.

277 (c) The board shall develop a model election statement on or before July 1, 2017.

278 (4) (a) A taxpayer may claim the tax credit under this section only:

279 (i) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain

280 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year;

281 and

282 (ii) for the taxable year in which a taxpayer purchases or leases a vehicle described in

283 Subsection (2)(a), (b), (c), or (d).

284 (b) A financing entity may claim a tax credit assigned to the financing entity under

285 Subsection (3)(b):

286 (i) against a tax owed under this chapter, Chapter 8, Gross Receipts Tax on Certain

287 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, or Chapter 10,

288 Individual Income Tax Act; and

289 (ii) for the taxable year in which the taxpayer purchases or leases a vehicle described in

290 Subsection (2)(a), (b), (c), or (d).

291 (c) This section only allows one tax credit per vehicle.

292 (5) Before claiming a tax credit under this section, a taxpayer or a financing entity

293 described in Subsection (3)(b) shall obtain the written certification described in Subsection (6).

294 (6) (a) The director shall:

295 (i) verify that only one written certification is issued per vehicle;

296 (ii) determine the amount of tax credit a taxpayer or a financing entity described in

297 Subsection (3)(b) is allowed under this section; and

298 (iii) provide the taxpayer or the financing entity described in Subsection (3)(b) with a

299 written certification of the amount of tax credit allowed under this section.

300 (b) (i) A taxpayer shall provide proof of the purchase or lease of a vehicle that qualifies

301 for a tax credit under this section by:

302 (A) providing proof to the director in the form established by the board;

303 (B) obtaining a written statement from the director acknowledging receipt of the proof;

304 and

305 (C) retaining the written statement described in Subsection (6)(b)(i)(B) for the same

306 time period a person is required to keep books and records under Section [59-1-1406](#).

307 (ii) A financing entity shall provide proof of assignment of a tax credit for a vehicle
308 that qualifies for a tax credit under this section by:

309 (A) providing a copy of the election statement to the director;

310 (B) providing proof, in the form established by the board, of the taxpayer's purchase or
311 lease of a vehicle that qualifies for a tax credit under this section;

312 (C) obtaining a written statement from the director acknowledging receipt of the
313 election statement; and

314 (D) retaining the written statement described in Subsection (6)(b)(ii)(C) for the same
315 time period a person is required to keep books and records under Section 59-1-1406.

316 (c) A taxpayer or a financing entity described in Subsection (3)(b) shall retain the
317 written certification described in Subsection (6)(a)(iii).

318 ~~[(6)]~~ (7) (a) If the amount of a tax credit claimed by a taxpayer under this section
319 exceeds the taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on
320 Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a
321 taxable year, a taxpayer may carry forward the amount of the tax credit exceeding the tax
322 liability ~~[may be carried forward]~~ for a period that does not exceed the next five taxable years.

323 (b) If the amount of a tax credit claimed by a financing entity under this section
324 exceeds the financing entity's tax liability under this chapter, Chapter 8, Gross Receipts Tax on
325 Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, or Chapter
326 10, Individual Income Tax Act, for a taxable year, the financing entity may carry forward the
327 amount of the tax credit exceeding the liability for a period that does not exceed the next five
328 taxable years.

329 ~~[(7)]~~ (8) In accordance with any rules prescribed by the commission under Subsection
330 ~~[(8)]~~ (9), the Division of Finance shall transfer at least annually from the General Fund into the
331 Education Fund the amount by which the amount of tax credit claimed under this section for a
332 fiscal year exceeds \$500,000.

333 ~~[(8)]~~ (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
334 Act, the commission may make rules for making a transfer from the General Fund into the
335 Education Fund as required by Subsection ~~[(7)]~~ (8).

336 Section 3. Section 59-10-1009 is amended to read:

337 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

338 (1) As used in this section:

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

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

343 (c) "Director" means the director of the Division of Air Quality appointed under
344 Section 19-2-107.

345 (d) "Election statement" means a document that:

346 (i) is executed by:

347 (A) the claimant, estate, or trust; and

348 (B) the financing entity, the financing entity's agent, or the financing entity's designee;

349 (ii) identifies the vehicle identification number of the vehicle that qualifies for a tax
350 credit under this section; and

351 (iii) affirms that the requirements described in Subsection (3) have been met.

352 (e) "Financing entity" means the entity that finances the purchase or lease of a vehicle
353 that qualifies for a tax credit under this section.

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

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

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

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

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

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

361 ~~[(iv) is not fueled by natural gas;]~~

362 ~~[(v)]~~ (iv) is fueled by electricity only; and

363 ~~[(vi)]~~ (v) is an OEM vehicle except that the vehicle is fueled by a fuel described in
364 Subsection (1)~~[(e)(v)]~~(h)(iv).

365 ~~[(f)]~~ (i) "Qualifying long-range electric vehicle" means a vehicle that:

366 (i) meets air quality standards;

367 ~~[(ii) is not fueled by natural gas;]~~

368 ~~[(iii) draws propulsion energy from]~~

369 (ii) has a battery ~~[with]~~ capacity of at least 10 kilowatt hours ~~[of capacity; and];~~

370 (iii) is fueled by electricity only or a combination of electricity and:

371 (A) diesel fuel;

372 (B) gasoline; or

373 (C) a mixture of gasoline and ethanol; and

374 (iv) is an OEM vehicle except that the vehicle is fueled ~~[by a fuel]~~ as described in

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

376 ~~(g)~~ (i) "Qualifying ~~[plug-in hybrid]~~ short-range electric vehicle" means a vehicle that:

377 (i) meets air quality standards;

378 ~~[(ii) is not fueled by natural gas or propane;]~~

379 ~~[(iii)]~~ (ii) has a battery capacity that meets or exceeds the battery capacity described in

380 Section 30D(b)(3), Internal Revenue Code, but has less than 10 kilowatt hours of battery

381 capacity; [and]

382 ~~(iv)~~ (iii) is fueled by electricity only or a combination of electricity and:

383 (A) diesel fuel;

384 (B) gasoline; or

385 (C) a mixture of gasoline and ethanol~~[-];~~ and

386 (iv) is an OEM vehicle except that the vehicle is fueled as described in Subsection

387 (1)(j)(iii).

388 (2) For a taxable year beginning ~~[on or after January 1, 2015, but beginning]~~ on or

389 before December 31, ~~[2016]~~ 2021, a claimant, estate, or trust may claim a nonrefundable tax

390 credit against tax otherwise due under this chapter in an amount equal to:

391 (a) ~~(i)~~ for the original purchase of a new qualifying long-range electric vehicle that is

392 registered in this state, ~~[the lesser of: (A)]~~ \$1,500; ~~[or]~~

393 ~~[(B) 35% of the purchase price of the vehicle; or]~~

394 ~~(ii)~~ (b) for the original purchase of a new qualifying ~~[plug-in hybrid]~~ short-range

395 electric vehicle that is registered in this state, \$1,000;

396 ~~(b)~~ (c) for the original purchase of a new vehicle fueled by natural gas or propane that

397 is registered in this state, ~~[the lesser of: (i)]~~ \$1,500; ~~[or]~~

398 ~~[(ii) 35% of the purchase price of the vehicle;]~~

399 ~~(e)~~ (d) for the original purchase of a new qualifying electric motorcycle that is

400 registered in this state, ~~[the lesser of: (i)]~~ \$750; ~~[or] and~~
401 ~~[(ii) 35% of the purchase price of the vehicle; and]~~
402 ~~[(d)]~~ (e) for a lease of a vehicle described in Subsection (2)(a), (b), ~~[or]~~ (c), or (d), an
403 amount equal to the product of:
404 (i) the amount of tax credit the claimant, estate, or trust would otherwise qualify to
405 claim under Subsection (2)(a), (b), ~~[or]~~ (c), or (d) had the claimant, estate, or trust purchased
406 the vehicle~~], except that the purchase price described in Subsection (2)(a)(i)(B), (2)(b)(ii), or~~
407 ~~(2)(c)(ii) is considered to be the value of the vehicle at the beginning of the lease]; and~~
408 (ii) a percentage calculated by:
409 (A) determining the difference between the value of the vehicle at the beginning of the
410 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
411 stated in the lease agreement; and
412 (B) dividing the difference determined under Subsection (2)~~[(d)]~~(e)(ii)(A) by the value
413 of the vehicle at the beginning of the lease, as stated in the lease agreement.
414 ~~[(3)(a) The board shall:]~~
415 ~~[(i) determine the amount of tax credit a claimant, estate, or trust is allowed under this~~
416 ~~section; and]~~
417 ~~[(ii) provide the claimant, estate, or trust with a written certification of the amount of~~
418 ~~tax credit the claimant, estate, or trust is allowed under this section.]~~
419 ~~[(b) A claimant, estate, or trust shall provide proof of the purchase or lease of an item~~
420 ~~for which a tax credit is allowed under this section by:]~~
421 ~~[(i) providing proof to the board in the form the board requires by rule;]~~
422 ~~[(ii) receiving a written statement from the board acknowledging receipt of the proof;~~
423 ~~and]~~
424 ~~[(iii) retaining the written statement described in Subsection (3)(b)(ii).]~~
425 ~~[(c) A claimant, estate, or trust shall retain the written certification described in~~
426 ~~Subsection (3)(a)(ii).]~~
427 ~~[(4) Except as provided by Subsection (5), the tax credit under this section is allowed~~
428 ~~only:]~~
429 ~~[(a) against a tax owed under this chapter in the taxable year by the claimant, estate, or~~
430 ~~trust;]~~

431 ~~[(b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is~~
432 ~~purchased or a vehicle described in Subsection (2)(d) is leased; and]~~

433 ~~[(c) once per vehicle.]~~

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

436 (3) (a) Except as provided in Subsection (3)(b), a claimant, estate, or trust may not
437 assign a tax credit under this section to another person.

438 (b) A claimant, estate, or trust may assign a tax credit under this section to a financing
439 entity as follows:

440 (i) in exchange for the consideration described in Subsection (3)(b)(iv), the taxpayer
441 shall assign the tax credit to the financing entity and forfeit the right to claim the tax credit on
442 the claimant's, estate's, or trust's income tax return;

443 (ii) the claimant, estate, or trust shall assign the tax credit to the financing entity by
444 executing an election statement described in Subsection (3)(c) at the time of the purchase or
445 lease of a vehicle described in Subsection (2)(a), (b), (c), or (d);

446 (iii) the claimant, estate, or trust shall title and register the vehicle in the state as
447 required by Title 41, Chapter 1a, Part 5, Titling Requirement, and Title 41, Chapter 1a, Part 2,
448 Registration; and

449 (iv) the financing entity shall compensate the claimant, estate, or trust the amount of
450 the tax credit described in Subsection (2) for the type of vehicle purchased or leased, except
451 that the financing entity may collect an administrative fee equal to or less than \$150.

452 (c) The board shall develop a model election statement on or before July 1, 2017.

453 (4) (a) A claimant, estate, or trust may claim the tax credit under this section only:

454 (i) against a tax owed under this chapter; and

455 (ii) for the taxable year in which a claimant, estate, or trust purchases or leases a
456 vehicle described in Subsection (2)(a), (b), (c), or (d).

457 (b) A financing entity may claim a tax credit assigned to the financing entity under
458 Subsection (3)(b):

459 (i) against a tax owed under this chapter, Chapter 7, Corporate Franchise and Income
460 Taxes, or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
461 Corporate Franchise or Income Tax Act; and

462 (ii) for the taxable year in which the claimant, estate, or trust purchases or leases a
463 vehicle described in Subsection (2)(a), (b), (c), or (d).

464 (c) This section only allows one tax credit per vehicle.

465 (5) Before claiming a tax credit under this section, a claimant, estate, or trust or the
466 financing entity described in Subsection (3)(b) shall obtain the written certification described in
467 Subsection (6).

468 (6) (a) The director shall:

469 (i) verify that only one written certification is issued per vehicle;

470 (ii) determine the amount of tax credit a taxpayer or a financing entity described in
471 Subsection (3)(b) is allowed under this section; and

472 (iii) provide the taxpayer or financing entity described in Subsection (3)(b) with a
473 written certification of the amount of tax credit allowed under this section.

474 (b) (i) A taxpayer shall provide proof of the purchase or lease of a vehicle that qualifies
475 for a tax credit under this section by:

476 (A) providing proof to the director in the form established by the board;

477 (B) obtaining a written statement from the director acknowledging receipt of the proof;

478 and

479 (C) retaining the written statement described in Subsection (6)(b)(i)(B) for the same
480 time period a person is required to keep books and records under Section [59-1-1406](#).

481 (ii) A financing entity shall provide proof of assignment of a tax credit for a vehicle
482 that qualifies for a tax credit under this section by:

483 (A) providing a copy of the election statement to the director;

484 (B) providing proof, in the form established by the board, of the claimant's, estate's, or
485 trust's purchase or lease of a vehicle that qualifies for a tax credit under this section;

486 (C) obtaining a written statement from the director acknowledging receipt of the
487 election statement; and

488 (D) retaining the written statement described in Subsection (6)(b)(ii)(C) for the same
489 time period a person is required to keep books and records under Section [59-1-1406](#).

490 (c) A taxpayer or a financing entity described in Subsection (3)(b) shall retain the
491 written certification described in Subsection (6)(a)(iii).

492 [~~(6)~~] (7) (a) If the amount of a tax credit claimed by a claimant, estate, or trust under

493 this section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a
494 taxable year, the claimant, estate, or trust may carry forward the amount of the tax credit
495 exceeding the tax liability [~~may be carried forward~~] for a period that does not exceed the next
496 five taxable years.

497 (b) If the amount of a tax credit claimed by a financing entity under this section
498 exceeds the financing entity's tax liability under this chapter, Chapter 7, Corporate Franchise
499 and Income Taxes, or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to
500 Pay Corporate Franchise or Income Tax Act, for a taxable year, the financing entity may carry
501 forward the amount of the tax credit exceeding the tax liability for a period that does not
502 exceed the next five taxable years.

503 [~~(7)~~] (8) In accordance with any rules prescribed by the commission under Subsection
504 [~~(8)~~] (9), the Division of Finance shall transfer at least annually from the General Fund into the
505 Education Fund the amount by which the amount of tax credit claimed under this section for a
506 fiscal year exceeds \$500,000.

507 [~~(8)~~] (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
508 Act, the commission may make rules for making a transfer from the General Fund into the
509 Education Fund as required by Subsection [~~(7)~~] (8).

510 Section 4. **Retrospective operation.**

511 This bill has retrospective operation for a taxable year beginning on or after January 1,
512 2017.