

Representative Stephen G. Handy proposes the following substitute bill:

ENERGY EFFICIENT VEHICLE TAX CREDIT

AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen G. Handy

Senate Sponsor: _____

LONG TITLE

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 certain 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:

AMENDS:



26 **19-2-104**, as last amended by Laws of Utah 2015, Chapter 154
27 **59-7-605**, as last amended by Laws of Utah 2016, Chapters 369 and 375
28 **59-10-1009**, as last amended by Laws of Utah 2016, Chapters 369 and 375

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

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

32 **19-2-104. Powers of board.**

33 (1) The board may make rules in accordance with Title 63G, Chapter 3, Utah
34 Administrative Rulemaking Act:

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

38 (b) establishing air quality standards;

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

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

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

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

45 (d) (i) implementing:

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

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

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

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

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

56 (f) implementing an operating permit program as required by and in conformity with

57 Titles IV and V of the federal Clean Air Act Amendments of 1990;

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

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

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

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

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

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

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

74 (3) (a) The board may:

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

77 (ii) recommend that the director:

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

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

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

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

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

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

87 (B) has acquired a minimum of 1,000 hours of asbestos project monitoring related

88 work experience.

89 (b) The board shall:

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

91 (A) review a settlement negotiated by the director in accordance with Subsection

92 19-2-107(2)(b)(viii) that requires a civil penalty of \$25,000 or more; and

93 (B) approve or disapprove the settlement;

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

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

97 (iv) by rule in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking

98 Act, establish work practice and certification requirements for persons who:

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

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

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

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

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

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

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

116 (vi) establish certification procedures and ~~[requirements for certification of the~~
117 ~~conversion of a motor vehicle to a clean-fuel vehicle, certifying the]~~ the form for submitting
118 proof of purchase or lease of a vehicle that is eligible for the tax credit [granted] described in

119 Section 59-7-605 or 59-10-1009;

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

124 (viii) assist the State Board of Education in adopting school bus idling reduction
125 standards and implementing an idling reduction program in accordance with Section
126 41-6a-1308.

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

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

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

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

136 (ii) the testing is for:

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

139 (B) asbestos cement siding or roofing materials;

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

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

143 (E) vermiculite type insulation materials.

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

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

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

148 (7) The board may not issue, amend, renew, modify, revoke, or terminate any of the
149 following that are subject to the authority granted to the director under Section 19-2-107 or

150 19-2-108:

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

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

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

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

161 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

162 (1) As used in this section:

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

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

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

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

170 (i) is executed by:

171 (A) the taxpayer; and

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

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

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

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

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

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

181 ~~[(e)]~~ (h) "Qualifying electric motorcycle" means a vehicle that:
 182 (i) has a seat or saddle for the use of the rider;
 183 (ii) is designed to travel with not more than three wheels in contact with the ground;
 184 (iii) may lawfully be operated on a freeway, as defined in Section 41-6a-102;
 185 ~~[(iv) is not fueled by natural gas;]~~
 186 ~~[(v)]~~ (iv) is fueled by electricity only; and
 187 ~~[(vi)]~~ (v) is an OEM vehicle except that the vehicle is fueled by a fuel described in
 188 Subsection (1)~~[(e)(v)]~~(h)(iv).

189 ~~[(f)]~~ (i) "Qualifying long-range electric vehicle" means a vehicle that:
 190 (i) meets air quality standards;
 191 ~~[(ii) is not fueled by natural gas;]~~
 192 ~~[(iii) draws propulsion energy from]~~
 193 (ii) has a battery [with] capacity of at least 10 kilowatt hours [of capacity, and];
 194 (iii) is fueled by electricity only or a combination of electricity and:
 195 (A) diesel fuel;
 196 (B) gasoline; or
 197 (C) a mixture of gasoline and ethanol; and
 198 (iv) is an OEM vehicle except that the vehicle is fueled ~~[by a fuel]~~ as described in
 199 Subsection (1)~~[(f)]~~(i)(iii).

200 ~~[(g)]~~ (j) "Qualifying ~~[plug-in hybrid]~~ short-range electric vehicle" means a vehicle that:
 201 (i) meets air quality standards;
 202 ~~[(ii) is not fueled by natural gas or propane;]~~
 203 ~~[(iii)]~~ (ii) has a battery capacity that meets or exceeds the battery capacity described in
 204 Section 30D(b)(3), Internal Revenue Code, but has less than 10 kilowatt hours of battery
 205 capacity; [and]
 206 ~~[(iv)]~~ (iii) is fueled by electricity only or a combination of electricity and:
 207 (A) diesel fuel;
 208 (B) gasoline; or
 209 (C) a mixture of gasoline and ethanol~~[-];~~ and
 210 (iv) is an OEM vehicle except that the vehicle is fueled as described in Subsection
 211 (1)(j)(iii).

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

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

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

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

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

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

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

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

227 (d) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal
228 to the product of:

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

233 (ii) a percentage calculated by:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

271 (iv) the financing entity shall compensate the taxpayer the amount of the tax credit
272 described in Subsection (2) for the type of vehicle purchased or leased, except that the
273 financing entity may collect an administrative fee equal to or less than \$150.

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

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

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

278 and

279 (ii) for the taxable year in which a taxpayer purchases or leases a vehicle described in
280 Subsection (2)(a), (b), or (c).

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

283 (i) against a tax owed under this chapter, Chapter 8, Gross Receipts Tax on Certain
284 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, or Chapter 10,
285 Individual Income Tax Act; and

286 (ii) for the taxable year in which the taxpayer purchases or leases a vehicle described in
287 Subsection (2)(a), (b), or (c).

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

289 (5) Before claiming a tax credit under this section, a taxpayer or a financing entity
290 described in Subsection (3)(b) shall obtain the written certification described in Subsection (6).

291 (6) (a) The director shall:

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

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

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

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

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

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

301 and

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

304 (ii) A financing entity shall provide proof of assignment of a tax credit for a vehicle

305 that qualifies for a tax credit under this section by:

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

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

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

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

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

315 ~~[(6)]~~ (7) (a) If the amount of a tax credit claimed by a taxpayer under this section
316 exceeds the taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on
317 Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a
318 taxable year, a taxpayer may carry forward the amount of the tax credit exceeding the tax
319 liability ~~[may be carried forward]~~ for a period that does not exceed the next five taxable years.

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

326 ~~[(7)]~~ (8) In accordance with any rules prescribed by the commission under Subsection
327 ~~[(8)]~~ (9), the Division of Finance shall transfer at least annually from the General Fund into the
328 Education Fund the amount by which the amount of tax credit claimed under this section for a
329 fiscal year exceeds \$500,000.

330 ~~[(8)]~~ (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
331 Act, the commission may make rules for making a transfer from the General Fund into the
332 Education Fund as required by Subsection ~~[(7)]~~ (8).

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

334 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

335 (1) As used in this section:

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

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

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

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

343 (i) is executed by:

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

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

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

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

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

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

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

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

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

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

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

358 ~~(iv) is not fueled by natural gas;~~

359 ~~(v)~~ (iv) is fueled by electricity only; and

360 ~~(vi)~~ (v) is an OEM vehicle except that the vehicle is fueled by a fuel described in
361 Subsection (1)~~(f)(v)~~(h)(iv).

362 ~~(i)~~ (i) "Qualifying long-range electric vehicle" means a vehicle that:

363 (i) meets air quality standards;

364 ~~(ii) is not fueled by natural gas;~~

365 ~~(iii) draws propulsion energy from]~~

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

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

368 (A) diesel fuel;

369 (B) gasoline; or

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

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

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

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

374 (i) meets air quality standards;

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

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

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

378 capacity; ~~and~~

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

380 (A) diesel fuel;

381 (B) gasoline; or

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

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

384 (1)(j)(iii).

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

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

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

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

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

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

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

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

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

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

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

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

397 this state, ~~[the lesser of: (i)]~~ \$750; ~~[or]~~ and

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

399 (d) for a lease of a vehicle described in Subsection (2)(a), (b), or (c), an amount equal
400 to the product of:

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

405 (ii) a percentage calculated by:

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

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

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

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

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

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

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

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

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

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

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

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

428 ~~[(b) for the taxable year in which a vehicle described in Subsection (2)(a), (b), or (c) is~~

429 ~~purchased or a vehicle described in Subsection (2)(d) is leased; and]~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

459 (ii) for the taxable year in which the claimant, estate, or trust purchases or leases a

460 vehicle described in Subsection (2)(a), (b), or (c).

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

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

465 (6) (a) The director shall:

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

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

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

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

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

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

475 and

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

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

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

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

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

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

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

489 ~~[(6)]~~ (7) (a) If the amount of a tax credit claimed by a claimant, estate, or trust under
490 this section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a

491 taxable year, the claimant, estate, or trust may carry forward the amount of the tax credit
492 exceeding the tax liability [~~may be carried forward~~] for a period that does not exceed the next
493 five taxable years.

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

500 [~~(7)~~] (8) In accordance with any rules prescribed by the commission under Subsection
501 [~~(8)~~] (9), the Division of Finance shall transfer at least annually from the General Fund into the
502 Education Fund the amount by which the amount of tax credit claimed under this section for a
503 fiscal year exceeds \$500,000.

504 [~~(8)~~] (9) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
505 Act, the commission may make rules for making a transfer from the General Fund into the
506 Education Fund as required by Subsection [~~(7)~~] (8).

507 **Section 4. Retrospective operation.**

508 This bill has retrospective operation for a taxable year beginning on or after January 1,
509 2017.