

**TAX CREDIT FOR ALTERNATIVE FUEL HEAVY DUTY
VEHICLES**

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Andrew Stoddard

Senate Sponsor: Lincoln Fillmore

Cosponsors: Suzanne Harrison

Joel K. Briscoe

LONG TITLE

General Description:

This bill addresses the tax credit related to certain alternative fuel heavy duty vehicles.

Highlighted Provisions:

This bill:

- ▶ extends the availability of the income tax credit related to certain alternative fuel heavy duty vehicles; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-7-618, as last amended by Laws of Utah 2017, Chapter 265

59-10-1033, as last amended by Laws of Utah 2017, Chapter 265

63I-1-259, as last amended by Laws of Utah 2019, Chapters 29 and 479

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

29 Section 1. Section **59-7-618** is amended to read:

30 **59-7-618. Tax credit related to alternative fuel heavy duty vehicles.**

31 (1) As used in this section:

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

34 (b) "Director" means the director of the Division of Air Quality appointed under
35 Section [19-2-107](#).

36 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to
37 vehicle classifications established by the Federal Highway Administration.

38 (d) "Natural gas" includes compressed natural gas and liquified natural gas.

39 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:

40 (i) has never been titled or registered and has been driven less than 7,500 miles; and

41 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric
42 drivetrain.

43 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

44 (g) "Qualified taxpayer" means a taxpayer that:

45 (i) purchases a qualified heavy duty vehicle; and

46 (ii) receives a tax credit certificate from the director.

47 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and
48 owned by a single taxpayer.

49 (i) "Tax credit certificate" means a certificate issued by the director certifying that a
50 taxpayer is entitled to a tax credit as provided in this section and stating the amount of the tax
51 credit.

52 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise
53 due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required
54 to Pay Corporate Franchise or Income Tax Act:

55 (a) in an amount equal to:

56 [~~(i) \$25,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during~~

57 ~~calendar year 2015 or calendar year 2016;~~
58 ~~[(ii) \$25,000, if the qualified purchase occurs during calendar year 2017;]~~
59 ~~[(iii) \$20,000, if the qualified purchase occurs during calendar year 2018;]~~
60 ~~[(iv) \$18,000, if the qualified purchase occurs during calendar year 2019; and]~~
61 ~~[(v)]~~ (i) \$15,000, if the qualified purchase occurs during calendar year 2020; [and]
62 (ii) \$13,500, if the qualified purchase occurs during calendar year 2021;
63 (iii) \$12,000, if the qualified purchase occurs during calendar year 2022;
64 (iv) \$10,500, if the qualified purchase occurs during calendar year 2023;
65 (v) \$9,000, if the qualified purchase occurs during calendar year 2024;
66 (vi) \$7,500, if the qualified purchase occurs during calendar year 2025;
67 (vii) \$6,000, if the qualified purchase occurs during calendar year 2026;
68 (viii) \$4,500, if the qualified purchase occurs during calendar year 2027;
69 (ix) \$3,000, if the qualified purchase occurs during calendar year 2028; and
70 (x) \$1,500, if the qualified purchase occurs during calendar year 2029; and

71 (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the
72 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be
73 within the state.

74 (3) (a) Except as provided in Subsection (3)(b), a taxpayer may not submit an
75 application for, and the director may not issue to the taxpayer, a tax credit certificate under this
76 section in any taxable year for a qualified purchase if the director has already issued tax credit
77 certificates to the taxpayer for 10 qualified purchases in the same taxable year.

78 (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of
79 tax credits under Subsection (5) has not been claimed, a taxpayer may submit an application
80 for, and the director may issue to the taxpayer, one or more tax credit certificates for up to eight
81 additional qualified purchases, even if the director has already issued to that taxpayer tax credit
82 certificates for the maximum number of qualified purchases allowed under Subsection (3)(a).

83 (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits
84 available under this section for qualified taxpayers with a small fleet.

85 (b) Subsection (4)(a) does not prevent a taxpayer from submitting an application for, or
86 the director from issuing, a tax credit certificate if, before October 1, qualified taxpayers with a
87 small fleet have not reserved under Subsection (5)(b) tax credits for the full amount reserved
88 under Subsection (4)(a).

89 (5) (a) The aggregate annual total amount of tax credits represented by tax credit
90 certificates that the director issues under this section and Section 59-10-1033 may not exceed
91 \$500,000.

92 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
93 Rulemaking Act, make rules to establish a process under which a taxpayer may reserve a
94 potential tax credit under this section for a limited time to allow the taxpayer to make a
95 qualified purchase with the assurance that the aggregate limit under Subsection (5)(a) will not
96 be met before the taxpayer is able to submit an application for a tax credit certificate.

97 (6) (a) (i) A taxpayer wishing to claim a tax credit under this section shall, using forms
98 the board requires by rule:

99 (A) submit to the director an application for a tax credit;

100 (B) provide the director proof of a qualified purchase; and

101 (C) submit to the director the certification under oath required under Subsection (2)(b).

102 (ii) Upon receiving the application, proof, and certification required under Subsection
103 (6)(a)(i), the director shall provide the taxpayer a written statement from the director
104 acknowledging receipt of the proof.

105 (b) If the director determines that a taxpayer qualifies for a tax credit under this section,
106 the director shall:

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

108 (ii) provide the taxpayer with a written tax credit certificate:

109 (A) stating that the taxpayer has qualified for a tax credit; and

110 (B) showing the amount of tax credit for which the taxpayer has qualified under this
111 section.

112 (c) A qualified taxpayer shall retain the tax credit certificate.

113 (d) The director shall at least annually submit to the commission a list of all qualified
114 taxpayers to which the director has issued a tax credit certificate and the amount of each tax
115 credit represented by the tax credit certificates.

116 (7) The tax credit under this section is allowed only:

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

120 (b) for the taxable year in which the qualified purchase occurs; and

121 (c) once per vehicle.

122 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this
123 section to another person.

124 (9) If the qualified taxpayer receives a tax credit certificate under this section that
125 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this
126 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay
127 Corporate Franchise or Income Tax Act, for a taxable year, the qualified taxpayer may carry
128 forward the amount of the tax credit that exceeds the tax liability for a period that does not
129 exceed the next five taxable years.

130 ~~[(10)(a) In accordance with any rules prescribed by the commission under Subsection~~
131 ~~(10)(b), the Division of Finance shall transfer at least annually from the General Fund into the~~
132 ~~Education Fund the aggregate amount of all tax credits claimed under this section.]~~

133 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~
134 ~~the commission may make rules for making a transfer from the General Fund into the~~
135 ~~Education Fund as required by Subsection (10)(a).]~~

136 Section 2. Section **59-10-1033** is amended to read:

137 **59-10-1033. Tax credit related to alternative fuel heavy duty vehicles.**

138 (1) As used in this section:

139 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air
140 Conservation Act.

141 (b) "Director" means the director of the Division of Air Quality appointed under
142 Section 19-2-107.

143 (c) "Heavy duty vehicle" means a commercial category 7 or 8 vehicle, according to
144 vehicle classifications established by the Federal Highway Administration.

145 (d) "Natural gas" includes compressed natural gas and liquified natural gas.

146 (e) "Qualified heavy duty vehicle" means a heavy duty vehicle that:

147 (i) has never been titled or registered and has been driven less than 7,500 miles; and

148 (ii) is fueled by natural gas, has a 100% electric drivetrain, or has a hydrogen-electric
149 drivetrain.

150 (f) "Qualified purchase" means the purchase of a qualified heavy duty vehicle.

151 (g) "Qualified taxpayer" means a claimant, estate, or trust that:

152 (i) purchases a qualified heavy duty vehicle; and

153 (ii) receives a tax credit certificate from the director.

154 (h) "Small fleet" means 40 or fewer heavy duty vehicles registered in the state and
155 owned by a single claimant, estate, or trust.

156 (i) "Tax credit certificate" means a certificate issued by the director certifying that a
157 claimant, estate, or trust is entitled to a tax credit as provided in this section and stating the
158 amount of the tax credit.

159 (2) A qualified taxpayer may claim a nonrefundable tax credit against tax otherwise
160 due under this chapter:

161 (a) in an amount equal to:

162 [~~(i) \$25,000, if the qualified purchase of a natural gas heavy duty vehicle occurs during~~
163 ~~calendar year 2015 or calendar year 2016;~~]

164 [~~(ii) \$25,000, if the qualified purchase occurs during calendar year 2017;~~]

165 [~~(iii) \$20,000, if the qualified purchase occurs during calendar year 2018;~~]

166 [~~(iv) \$18,000, if the qualified purchase occurs during calendar year 2019; and~~]

167 [~~(v)~~] (i) \$15,000, if the qualified purchase occurs during calendar year 2020; ~~and~~]

168 (ii) \$13,500, if the qualified purchase occurs during calendar year 2021;

- 169 (iii) \$12,000, if the qualified purchase occurs during calendar year 2022;
- 170 (iv) \$10,500, if the qualified purchase occurs during calendar year 2023;
- 171 (v) \$9,000, if the qualified purchase occurs during calendar year 2024;
- 172 (vi) \$7,500, if the qualified purchase occurs during calendar year 2025;
- 173 (vii) \$6,000, if the qualified purchase occurs during calendar year 2026;
- 174 (viii) \$4,500, if the qualified purchase occurs during calendar year 2027;
- 175 (ix) \$3,000, if the qualified purchase occurs during calendar year 2028; and
- 176 (x) \$1,500, if the qualified purchase occurs during calendar year 2029; and

177 (b) if the qualified taxpayer certifies under oath that over 50% of the miles that the
178 heavy duty vehicle that is the subject of the qualified purchase will travel annually will be
179 within the state.

180 (3) (a) Except as provided in Subsection (3)(b), a claimant, estate, or trust may not
181 submit an application for, and the director may not issue to the claimant, estate, or trust, a tax
182 credit certificate under this section in any taxable year for a qualified purchase if the director
183 has already issued tax credit certificates to the claimant, estate, or trust for 10 qualified
184 purchases in the same taxable year.

185 (b) If, by May 1 of any year, more than 30% of the aggregate annual total amount of
186 tax credits under Subsection (5) has not been claimed, a claimant, estate, or trust may submit
187 an application for, and the director may issue to the claimant, estate, or trust, one or more tax
188 credit certificates for up to eight additional qualified purchases, even if the director has already
189 issued to that claimant, estate, or trust tax credit certificates for the maximum number of
190 qualified purchases allowed under Subsection (3)(a).

191 (4) (a) Subject to Subsection (4)(b), the director shall reserve 25% of all tax credits
192 available under this section for qualified taxpayers with a small fleet.

193 (b) Subsection (4)(a) does not prevent a claimant, estate, or trust from submitting an
194 application for, or the director from issuing, a tax credit certificate if, before October 1,
195 qualified taxpayers with a small fleet have not reserved under Subsection (5)(b) tax credits for
196 the full amount reserved under Subsection (4)(a).

197 (5) (a) The aggregate annual total amount of tax credits represented by tax credit
198 certificates that the director issues under this section and Section 59-7-618 may not exceed
199 \$500,000.

200 (b) The board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
201 Rulemaking Act, make rules to establish a process under which a claimant, estate, or trust may
202 reserve a potential tax credit under this section for a limited time to allow the claimant, estate,
203 or trust to make a qualified purchase with the assurance that the aggregate limit under
204 Subsection (5)(a) will not be met before the claimant, estate, or trust is able to submit an
205 application for a tax credit certificate.

206 (6) (a) (i) A claimant, estate, or trust wishing to claim a tax credit under this section
207 shall, using forms the board requires by rule:

- 208 (A) submit to the director an application for a tax credit;
- 209 (B) provide the director proof of a qualified purchase; and
- 210 (C) submit to the director the certification under oath required under Subsection (2)(b).

211 (ii) Upon receiving the application, proof, and certification required under Subsection
212 (6)(a)(i), the director shall provide the claimant, estate, or trust a written statement from the
213 director acknowledging receipt of the proof.

214 (b) If the director determines that a claimant, estate, or trust qualifies for a tax credit
215 under this section, the director shall:

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

218 (ii) provide the claimant, estate, or trust with a written tax credit certificate:

- 219 (A) stating that the claimant, estate, or trust has qualified for a tax credit; and
- 220 (B) showing the amount of tax credit for which the claimant, estate, or trust has

221 qualified under this section.

222 (c) A qualified taxpayer shall retain the tax credit certificate.

223 (d) The director shall at least annually submit to the commission a list of all qualified
224 taxpayers to which the director has issued a tax credit certificate and the amount of each tax

225 credit represented by the tax credit certificates.

226 (7) The tax credit under this section is allowed only:

227 (a) against a tax owed under this chapter in the taxable year by the qualified taxpayer;

228 (b) for the taxable year in which the qualified purchase occurs; and

229 (c) once per vehicle.

230 (8) A qualified taxpayer may not assign a tax credit or a tax credit certificate under this
231 section to another person.

232 (9) If the qualified taxpayer receives a tax credit certificate under this section that
233 allows a tax credit in an amount that exceeds the qualified taxpayer's tax liability under this
234 chapter for a taxable year, the qualified taxpayer may carry forward the amount of the tax credit
235 that exceeds the tax liability for a period that does not exceed the next five taxable years.

236 ~~[(10)(a) In accordance with any rules prescribed by the commission under Subsection~~
237 ~~(10)(b), the Division of Finance shall transfer at least annually from the General Fund into the~~
238 ~~Education Fund the aggregate amount of all tax credits claimed under this section.]~~

239 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~
240 ~~the commission may make rules for making a transfer from the General Fund into the~~
241 ~~Education Fund as required by Subsection (10)(a).]~~

242 Section 3. Section **63I-1-259** is amended to read:

243 **63I-1-259. Repeal dates, Title 59.**

244 (1) Section [59-1-213.1](#) is repealed on May 9, 2024.

245 (2) Section [59-1-213.2](#) is repealed on May 9, 2024.

246 (3) Subsection [59-1-405\(1\)\(g\)](#) is repealed on May 9, 2024.

247 (4) Subsection [59-1-405\(2\)\(b\)](#) is repealed on May 9, 2024.

248 (5) Section [59-7-618](#) is repealed July 1, ~~[2020]~~ 2029.

249 (6) Section [59-9-102.5](#) is repealed December 31, 2020.

250 (7) Section [59-10-1033](#) is repealed July 1, ~~[2020]~~ 2029.

251 (8) Subsection [59-12-2219\(13\)](#), which addresses new revenue supplanting existing
252 allocations, is repealed on June 30, 2020.

253 (9) Title 59, Chapter 28, State Transient Room Tax Act, is repealed on January 1,
254 2023.