

2017 Regular Session

SENATE BILL NO. 243

BY SENATOR PEACOCK

TAX/TAXATION. Provides relative to the tax credit for conversion of alternative fuel vehicles. (gov sig)

1 AN ACT  
2 To amend and reenact R.S. 47:6035(A), (B)(2), (C)(1), (D), and (E) and to repeal R.S.  
3 47:6035(C)(1) and (D) as amended by Section 5 of Act 125 of the 2015 Regular  
4 Session of the Legislature, relative to the tax credit for conversion of vehicles to  
5 alternative fuel usage; to remove the refundability of the credit; to reduce the credit  
6 rate for the conversion of vehicles and fueling equipment; to provide for the  
7 calculation of the credit for purchases of new vehicles originally equipped to be  
8 propelled by an alternative fuel; to provide for an effective date; and to provide for  
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:6035(A), (B)(2), (C)(1), (D), and (E) are hereby amended and  
12 reenacted to read as follows:

13 §6035. Tax credit for conversion of vehicles to alternative fuel usage

14 A. The intent of this Section is to provide an incentive to persons or  
15 corporations to invest in qualified clean-burning motor vehicle fuel property. Any  
16 person or corporation purchasing such property as specified in this Section shall be  
17 allowed a **nonrefundable** credit against income tax liability as determined pursuant

1 to Subsection C of this Section.

2 B. As used in this Section, the following words and phrases shall have the  
3 meaning ascribed to them in this Subsection unless the context clearly indicates  
4 otherwise:

5 \* \* \*

6 (2) "Cost of qualified clean-burning motor vehicle fuel property" shall mean  
7 any of the following:

8 (a) The retail cost paid by the owner of a motor vehicle for the purchase and  
9 installation by a technician of qualified clean-burning motor vehicle fuel property  
10 certified by the United States Environmental Protection Agency to modify a motor  
11 vehicle which is propelled by gasoline or diesel so that the motor vehicle may be  
12 propelled by an alternative fuel, provided the motor vehicle is registered in this state  
13 **and, in the case of a commercial vehicle, is registered and primarily used in this**  
14 **state for four years after the conversion.**

15 (b) The cost to the owner of a new motor vehicle purchased at retail  
16 originally equipped to be propelled by an alternative fuel ~~for the cost of that portion~~  
17 ~~of the motor vehicle which is attributable to the storage of the alternative fuel, the~~  
18 ~~delivery of the alternative fuel to the engine of the motor vehicle, and the exhaust of~~  
19 ~~gases from combustion of the alternative fuel,~~ provided the motor vehicle is  
20 registered in this state.

21 (c) The cost of property ~~which~~ **that** is directly related to the delivery of an  
22 alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel,  
23 including compression equipment, storage tanks, and dispensing units for alternative  
24 fuel at the point where the fuel is delivered, provided the property is installed and  
25 located in this state and no credit has been previously claimed on the cost of such  
26 property. The cost of property ~~which~~ **that** is directly related to the delivery of an  
27 alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel shall  
28 not include costs associated with exploration and development activities necessary  
29 for severing natural resources from the soil or ground **or costs associated with**

1 fueling station infrastructure that is not directly related to the delivery of an  
 2 alternative fuel into the fuel tank of motor vehicles.

3 \* \* \*

4 C.(1) The credit provided for in ~~Subsection A~~ of this Section shall be allowed  
 5 against individual or corporate income tax for the taxable period in which the  
 6 qualified clean-burning motor vehicle fuel property, as defined in  
 7 Subparagraphs (B)(2)(a) and (c) of this Subsection, is purchased and installed, ~~if~~  
 8 ~~applicable, and~~ shall be equal to ~~thirty-six~~ thirty percent of the cost of the qualified  
 9 clean-burning motor vehicle fuel property.

10 \* \* \*

11 D. In cases ~~where no previous credit has been claimed pursuant to Subsection~~  
 12 ~~C of this Section for the cost of qualified clean-burning motor vehicle fuel property~~  
 13 ~~in~~ of a new motor vehicle purchased by a taxpayer with qualified clean-burning  
 14 motor vehicle fuel property, as defined in Subparagraph (B)(2)(b) of this  
 15 Subsection, if installed by the vehicle's manufacturer ~~and the taxpayer is unable to,~~  
 16 ~~or elects not to determine the exact cost which is attributable to such property,~~ the  
 17 taxpayer may claim a credit against individual or corporate income tax for the  
 18 taxable period in which the new motor vehicle is purchased equal to seven and two  
 19 tenths percent of the cost of the motor vehicle or one thousand five hundred dollars,  
 20 whichever is less, provided the motor vehicle is registered in this state.

21 E.(1) ~~ff~~ For purchases of qualified clean-burning motor vehicle fuel  
 22 property made before January 1, 2018, if the tax credit allowed pursuant to the  
 23 provisions of this Section exceeds the amount of income taxes due or if the taxpayer  
 24 owes no state income taxes, any excess of the tax credit over the income tax liability  
 25 against which the credit can be applied shall constitute an overpayment, as defined  
 26 in R.S. 47:1621(A), and the secretary shall make a refund of the overpayment from  
 27 the current collections of the taxes imposed by Chapter 1 of Subtitle II of this Title,  
 28 as amended. The right to a refund of any overpayment shall not be subject to the  
 29 requirements of R.S. 47:1621(B).

1                    **(2) For purchases of qualified clean-burning motor vehicle fuel property**  
 2                    **made on or after January 1, 2018, the tax credit allowed pursuant to the**  
 3                    **provisions of this Section shall be nonrefundable.**

4                    \*           \*           \*

5                    Section 2. R.S. 47:6035(C)(1) and (D) as amended by Section 5 of Act 125 of the  
 6                    2015 Regular Session of the Legislature are hereby repealed.

7                    Section 3. This Act shall become effective upon signature by the governor or, if not  
 8                    signed by the governor, upon expiration of the time for bills to become law without signature  
 9                    by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 10                    vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 11                    effective on the day following such approval.

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The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Cheryl M. Serrett.

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#### DIGEST

SB 243 Reengrossed

2017 Regular Session

Peacock

Present law provides refundable tax credits for the cost of qualified clean-burning motor vehicle fuel property.

Proposed law makes the credit nonrefundable for all purchases made on or after January 1, 2018.

Present law provides for definitions of the cost of qualified clean-burning motor vehicle fuel property:

- (1) The cost of equipment necessary to convert a vehicle that operates on conventional fuel to operation using an alternative fuel and the installation cost of this equipment.
- (2) For a new motor vehicle originally equipped to be propelled by an alternative fuel, the cost of that portion of the motor vehicle that is attributable to the storage of the alternative fuel and the delivery of the alternative fuel to the engine.
- (3) The cost of equipment directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel.

Proposed law modifies the definitions of the cost of qualified clean-burning motor vehicle fuel property:

- (1) Adds the requirement that to be eligible for the credit for the cost of conversion equipment on commercial vehicles that are converted shall be registered and primarily operated in this state for four years after conversion.
- (2) Changes the definition of the cost of a new motor vehicle originally equipped to be propelled by an alternative fuel to the full cost of the vehicle.

- (3) Clarifies that fueling station infrastructure not directly related to delivering the fuel to the alternative fuel vehicle is not considered part of the "cost of qualified clean-burning motor vehicle fuel property".

Present law authorizes a credit for 36% of the cost of vehicle conversion equipment and fueling equipment.

Proposed law reduces the credit rate to 30% of the cost of vehicle conversion equipment and fueling equipment and makes the reduction permanent.

Present law provides that the purchaser of a new vehicle originally equipped to be propelled by an alternative fuel may claim the credit either on 36% of the value of the equipment directly related to the alternative fuel or, if the purchaser cannot determine the value of the equipment, 7.2% of the total purchase price of the vehicle or \$1,500, whichever is less.

Proposed law eliminates the 36% credit for the value of the property directly related to the alternative fuel but retains the 7.2% credit and the \$1,500 per vehicle cap.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6035(A), (B)(2), (C)(1), (D), and (E); repeals R.S. 47:6035(C)(1) and (D) as amended by Acts 2015, No. 125 §5)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changed credit percentage to 30%.

##### Senate Floor Amendments to engrossed bill

1. Makes the credit nonrefundable for all purchases made after January 1, 2018.
2. Makes Legislative Bureau technical amendments.