

**SENATE . . . . . No. 1505**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Thomas P. Kennedy*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act providing incentives for the purchase and use of alternative fuel vehicles.

PETITION OF:

NAME:

*Thomas P. Kennedy*

*Frank I. Smizik*

DISTRICT/ADDRESS:

*Second Plymouth and Bristol*

*15th Norfolk*

**SENATE . . . . . No. 1505**

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By Mr. Kennedy, a petition (accompanied by bill, Senate, No. 1505) of Thomas P. Kennedy and Frank I. Smizik for legislation to provide incentives for the purchase and use of alternative fuel vehicles. Revenue.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 1355 OF 2013-2014.]

The Commonwealth of Massachusetts

—————  
**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**  
—————

An Act providing incentives for the purchase and use of alternative fuel vehicles.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 22A of chapter 40 of the General Laws is hereby amended by  
2 adding the following paragraph:—

3 Any city or town acting under this section with respect to ways under its control, or under  
4 the authority granted under chapter forty A with respect to zoning, may further regulate the  
5 parking of vehicles by restricting certain areas or requiring that certain areas be restricted for the  
6 parking of any vehicle bearing a distinctive plate, decal, or emblem identifying such vehicle as a  
7 reduced emissions vehicle, as defined by section one of chapter ninety. Any such ordinance,  
8 bylaw, order, rule, or regulation promulgated pursuant to the provisions of this paragraph shall  
9 contain a penalty of not less than fifteen dollars or not more than fifty dollars and may provide  
10 for the removal of a vehicle in accordance with the provisions of section twenty-two D.

11 SECTION 2. Section 6 of chapter 62 of the General Laws is hereby amended by adding  
12 the following subsection:—

13 (h)(1) A credit shall be allowed against the tax imposed by this chapter in an amount  
14 equal to fifty percent of the incremental cost of purchasing an alternative fuel vehicle and fifty  
15 percent of the cost of converting a petroleum fueled motor vehicle to an alternative fuel vehicle.

16 For an originally equipped alternative fuel vehicle, the credit allowed shall be claimed in  
17 the first taxable year in which the vehicle is registered.

18 For a motor vehicle which has been converted to an alternative fuel vehicle, the credit  
19 allowed shall be claimed in the first taxable year in which such conversion occurs. Conversion  
20 costs eligible for such credit shall include the cost of purchasing conversion equipment necessary  
21 to convert a motor vehicle to an alternative fuel vehicle and the labor costs associated with  
22 installing such conversion equipment.

23 A credit also shall be allowed against the tax imposed by this chapter in an amount equal  
24 to fifty percent of the cost of constructing any facility in Massachusetts, available to the public,  
25 for fueling alternative fuel vehicles. Such facility shall be available to the public if feasible.  
26 Facility costs eligible for a credit under this paragraph include the cost of purchasing fueling  
27 equipment, charging equipment and other materials necessary for the facility to fuel alternative  
28 fuel vehicles and the labor costs associated with constructing the facility and installing such  
29 equipment. This credit shall be claimed in the first taxable year in which the facility becomes  
30 operational.

31 As used in this subsection, the following words and phrases shall have the following  
32 meanings:— “Alternative fuel”, methanol, denatured ethanol, and other alcohols; mixtures

33 containing 85 percent or more by volume of methanol, denatured ethanol, and other alcohols  
34 with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid  
35 fuels; fuels (other than alcohol) derived from biological materials; electricity (including  
36 electricity from solar energy); and any other fuel that the department of environmental protection  
37 determines is substantially not petroleum.

38 “Alternative fuel vehicle”, a motor vehicle, as defined at Massachusetts General Laws  
39 chapter ninety, section one, which: (1) operates exclusively on an alternative fuel; (2) meets  
40 applicable state and federal safety and emission standards; and (3) is registered in Massachusetts  
41 on the last day of the taxable year in which the credit pursuant to this subsection is claimed. In  
42 addition, for an alternative fuel vehicle less than 6,000 pounds gross vehicle weight rating, the  
43 alternative fuel vehicle shall meet ultra-low emission vehicle standards for total vehicle  
44 emissions. And for an alternative fuel vehicle equal to or greater than 6,000 gross vehicle weight  
45 rating, the alternative fuel vehicle shall meet federal emission standards for a new comparable  
46 vehicle.

47 “Comparable conventionally-fueled motor vehicle” or “comparable vehicle”, a motor  
48 vehicle which is (1) commercially available at the time the comparability of the vehicle is being  
49 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;  
50 and (3) provides passenger capacity or payload capacity the same or similar to the alternative  
51 fuel vehicle to which it is being compared.

52 “Facility”, any structure, equipment, apparatus, wires or piping used with dispensing or  
53 charging equipment necessary to dispense an alternative fuel.

54 “Incremental cost”, the difference between the manufacturer’s suggested retail price of an  
55 alternative fuel vehicle and of a comparable conventionally-fueled motor vehicle.

56 (2) Credits allowed under this subsection shall be taken only for alternative fuel vehicles  
57 purchased in excess of state and federal requirements.

58 (3) The allowable credits under this subsection shall not exceed the total tax liability  
59 under this chapter before any other credits are taken into account.

60 (4) In any year in which the credit described in this subsection exceeds the total tax  
61 liability under this chapter before any other credits are taken into account, the unused credit may  
62 be carried forward and used against the tax liability for one or more of the succeeding five tax  
63 periods.

64 (5) The credit allowed herein shall apply to taxes due for taxable periods beginning on or  
65 after January 1, 1996 and ending on or before December 31, 2002. Such credits, except for  
66 unused amounts of credits carried forward pursuant to subpart (4), shall not apply after taxable  
67 periods beginning on or after January 1, 2003.

68 (6) The commissioner of the department of revenue, in consultation with the  
69 commissioners of the department of environmental protection and the division of energy  
70 resources, shall promulgate rules and regulations necessary to implement the provisions of this  
71 subsection.

72 SECTION 3. Chapter 63 of the General Laws is hereby amended by adding the following  
73 section:—

74 Section 38P. (1) A credit shall be allowed against the tax imposed by this chapter in an  
75 amount equal to fifty percent of the incremental cost of purchasing an alternative fuel vehicle  
76 and fifty percent of the cost of converting a petroleum fueled motor vehicle to an alternative fuel  
77 vehicle.

78 For an originally equipped alternative fuel vehicle, the credit allowed shall be claimed in  
79 the first taxable year in which the vehicle is registered.

80 For a motor vehicle which has been converted to an alternative fuel vehicle, the credit  
81 allowed shall be claimed in the first taxable year in which such conversion occurs. Conversion  
82 costs eligible for such credit shall include the cost of purchasing conversion equipment necessary  
83 to convert a motor vehicle to an alternative fuel vehicle and the labor costs associated with  
84 installing such conversion equipment.

85 A credit also shall be allowed against the tax imposed by this chapter in an amount equal  
86 to fifty percent of the cost of constructing any facility in Massachusetts, available to the public,  
87 for fueling alternative fuel vehicles. Such facility shall be available to the public if feasible.  
88 Facility costs eligible for a credit under this paragraph include the cost of purchasing fueling  
89 equipment, charging equipment and other materials necessary for the facility to fuel alternative  
90 fuel vehicles and the labor costs associated with constructing the facility and installing such  
91 equipment. This credit shall be claimed in the first taxable year in which the facility becomes  
92 operational.

93 As used in this section, the following words and phrases shall have the following  
94 meanings:—

95 “Alternative fuel”, methanol, denatured ethanol, and other alcohols; mixtures containing  
96 85 percent or more by volume of methanol, denatured ethanol, and other alcohols with gasoline  
97 or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels  
98 (other than alcohol) derived from biological materials; electricity (including electricity from  
99 solar energy); and any other fuel that the department of environmental protection determines is  
100 substantially not petroleum.

101 “Alternative fuel vehicle”, a motor vehicle, as defined at Massachusetts General Laws  
102 chapter ninety, section one, which: (1) operates exclusively on an alternative fuel; (2) meets  
103 applicable state and federal safety and emission standards; and (3) is registered in Massachusetts  
104 on the last day of the taxable year in which the credit pursuant to this section is claimed. In  
105 addition, for an alternative fuel vehicle less than 6,000 pounds gross vehicle weight rating, the  
106 alternative fuel vehicle shall meet ultra-low emission vehicle standards for total vehicle  
107 emissions. And for an alternative fuel vehicle equal to or greater than 6,000 gross vehicle weight  
108 rating, the alternative fuel vehicle shall meet federal emission standards for a new comparable  
109 vehicle.

110 “Comparable conventionally-fueled motor vehicle” or “comparable vehicle”, a motor  
111 vehicle which is (1) commercially available at the time the comparability of the vehicle is being  
112 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;  
113 and (3) provides passenger capacity or payload capacity the same or similar to the alternative  
114 fuel vehicle to which it is being compared.

115 “Facility”, any structure, equipment, apparatus, wires or piping used with dispensing or  
116 charging equipment necessary to dispense an alternative fuel.

117 “Incremental cost”, the difference between the manufacturer’s suggested retail price of an  
118 alternative fuel vehicle and of a comparable conventionally-fueled motor vehicle.

119 (2) Credits allowed under this section shall be taken only for alternative fuel vehicles  
120 purchased in excess of state and federal requirements.

121 (3) The allowable credits under this section shall not exceed the total tax liability under  
122 this chapter before any other credits are taken into account.

123 (4) In any year in which the credit described in this section exceeds the total tax liability  
124 under this chapter before any other credits are taken into account, the unused credit may be  
125 carried forward and used against the tax liability for one or more of the succeeding five tax  
126 periods.

127 (5) The credit allowed herein shall apply to taxes due for taxable periods beginning on or  
128 after January 1, 1996 and ending on or before December 31, 2002. Such credits, except for  
129 unused amounts of credits carried forward pursuant to subpart (4), shall not apply after taxable  
130 periods beginning on or after January 1, 2003.

131 (6) If a corporation is subject to a minimum excise under any provision of this chapter,  
132 the amount of the credit allowed by this section shall not reduce the excise to an amount less than  
133 the minimum excise;

134 (7) The credit allowed under this section shall be subject to the provisions of section  
135 thirty-two C of this chapter.

136 (8) Any corporation entitled to a credit pursuant to this section for any taxable year shall  
137 apply such credit only to its excise for any of the eligible taxable years. Such credit may not be



138 applied against the excise liability of any other corporation pursuant to an election under the  
139 provisions of section thirty-two B.

140 The commissioner of the department of revenue, in consultation with the commissioners  
141 of the department of environmental protection and the division of energy resources, shall  
142 promulgate rules and regulations necessary to implement the provisions of this section.

143 SECTION 4. Section 4 of chapter 64E of the General Laws, as appearing in the 1994  
144 Official Edition, is hereby amended by adding the following two sentences:— No person shall  
145 pay an excise pursuant to this chapter, for alternative fuel, when the alternative fuel is dispensed  
146 into an alternative fuel vehicle; provided, however, that the exemption provided in this sentence  
147 shall not apply to any such sales made after December 31, 2002. The terms “alternative fuel,”  
148 and “alternative fuel vehicle” shall have the meanings as set forth at section six of chapter sixty-  
149 two.

150 SECTION 5. Section 3 of chapter 64F of the General Laws, as appearing in the 1994  
151 Official Edition, is hereby amended by inserting after the word “sixty-four A”, in line 9, the  
152 following:— ; provided, however, that no person shall pay an excise pursuant to this chapter for  
153 the privilege of using the highways of the commonwealth while operating an alternative fuel  
154 vehicle; provided further that the exemption provided in this sentence shall not apply to any such  
155 sales made after December 31, 2002. The term “alternative fuel vehicle” shall have the meaning  
156 as set forth at section six of chapter sixty-two.

157 SECTION 6. Section 6 of chapter 64H of the General Laws is hereby amended by adding  
158 the following two paragraphs:— (rr) sales of equipment, parts and materials used directly  
159 and exclusively for converting a conventionally fueled motor vehicle to an alternative fuel

160 vehicle; and sales of any alternative fuel vehicle, to the extent its manufacturer's suggested retail  
161 price exceeds the manufacturer's suggested retail price of a comparable conventionally fueled  
162 motor vehicle. The exemption provided in this paragraph shall not apply to any such sales made  
163 after December 31, 2002. As used in this paragraph and paragraph (ss), the terms "alternative  
164 fuel," "alternative fuel vehicle," "comparable conventionally fueled motor vehicle," shall have  
165 the meanings as set forth at section six of chapter sixty-two.

166 (ss) Sales of equipment, parts and materials used directly and exclusively to dispense  
167 alternative fuel into alternative fuel vehicles. The exemption provided in this paragraph shall not  
168 apply to any such sales made after December 31, 2002.

169 SECTION 7. Section 1 of chapter 90 of the General Laws is hereby amended by inserting  
170 after the definition of "Police officer", as appearing in the 1994 Official Edition, the following  
171 definition:— "Reduced Emissions Vehicle", an ultra-low emissions vehicle or a zero emissions  
172 vehicle, in each case as so defined by the department of environmental protection pursuant to the  
173 provisions of section one hundred and forty-two K of chapter one hundred and eleven.

174 SECTION 8. Section 2 of said chapter 90, as so appearing, is hereby amended by adding  
175 the following paragraph:—

176 The registrar shall furnish to owners of reduced emissions vehicles upon application and  
177 upon presentation of evidence deemed satisfactory by the registrar, a distinctive license plate  
178 bearing on the left side the letters "REV" and an adhesive emblem bearing the letters "REV" to  
179 be affixed to the vehicle identifying the vehicle as a reduced emissions vehicle. There shall be no  
180 additional fee for said plates or adhesive emblems.

181 SECTION 9. Chapter 164 of the General Laws, as appearing in the 1994 Official Edition,  
182 is hereby amended by adding, after section 94, the following section:—

183 Section 94½. Notwithstanding the provisions of chapter one hundred sixty-four, section  
184 ninety-four or any other special or general law to the contrary, the rates and terms for the sale of  
185 alternative fuels for motor vehicle use shall not be subject to regulation by the department of  
186 public utilities; provided, however, that any gas or electric company which is otherwise regulated  
187 pursuant to this chapter and sells alternative fuels for motor vehicle use, shall keep separate  
188 records, books, and accounts of such unregulated sales sufficient to allow the department of  
189 public utilities to allocate costs and revenues; and further provided that such gas or electric  
190 company's sale of alternative fuel for use in motor vehicles and its investment in related  
191 infrastructure shall not affect the quality of service or increase the cost of alternative fuel to said  
192 company's customers who purchase alternative fuel for use other than motor vehicle use. For the  
193 purposes of this section, "alternative fuel" shall have the same meaning as set forth at section six  
194 of chapter sixty-two.