

CLEAN FUEL AMENDMENTS AND REBATES

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen G. Handy

Senate Sponsor: Todd Weiler

LONG TITLE

General Description:

This bill creates the Conversion to Alternative Fuel Grant Program and extends tax credits for energy efficient vehicles.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ amends definitions;
- ▶ authorizes the Department of Environmental Quality to make grants from the Clean Fuels and Vehicle Technology Fund to a person who installs conversion equipment on an eligible vehicle;
- ▶ describes the process for a person to apply for a grant to install conversion equipment on an eligible vehicle;
- ▶ describes the amount of grant money the director of the Division of Air Quality may award to a person who installs conversion equipment on an eligible vehicle;
- ▶ grants rulemaking authority to the Air Quality Board;
- ▶ extends tax credits for energy efficient vehicles; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

30 AMENDS:

31 19-1-403, as last amended by Laws of Utah 2014, Chapter 295

32 59-7-605, as last amended by Laws of Utah 2014, Chapter 125

33 59-10-1009, as last amended by Laws of Utah 2014, Chapter 125

34 ENACTS:

35 19-2-301, Utah Code Annotated 1953

36 19-2-302, Utah Code Annotated 1953

37 19-2-303, Utah Code Annotated 1953

38 19-2-304, Utah Code Annotated 1953

39 19-2-305, Utah Code Annotated 1953



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

42 Section 1. Section 19-1-403 is amended to read:

43 **19-1-403. Clean Fuels and Vehicle Technology Fund -- Contents -- Loans or**
44 **grants made with fund money.**

45 (1) (a) There is created a revolving fund known as the Clean Fuels and Vehicle
46 Technology Fund.

47 (b) The fund consists of:

48 (i) appropriations to the fund;

49 (ii) other public and private contributions made under Subsection (1)(c);

50 (iii) interest earnings on cash balances; and

51 (iv) all money collected for loan repayments and interest on loans.

52 (c) The department may accept contributions from other public and private sources for
53 deposit into the fund.

54 (2) (a) The department may make a loan or a grant with money available in the fund
55 [for]:

56 (i) for the conversion of a private sector business vehicle or a government vehicle to
57 use a clean fuel, if certified by the Air Quality Board under Subsection 19-1-405(1)(a); [or]

58 (ii) for the purchase of an OEM vehicle for use as a private sector business vehicle or
59 government vehicle[-]; or

60 (iii) to a person who installs conversion equipment on an eligible vehicle, as described
61 in Sections 19-2-301 through 19-2-304.

62 (b) The amount of a loan for any vehicle under Subsection (2)(a) may not exceed:

63 (i) the actual cost of the vehicle conversion;

64 (ii) the incremental cost of purchasing the OEM vehicle; or

65 (iii) the cost of purchasing the OEM vehicle if there is no documented incremental
66 cost.

67 (c) The amount of a grant for any vehicle under Subsection (2)(a) may not exceed:

68 (i) 50% of the actual cost of the vehicle conversion minus the amount of any tax credit
69 claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant is requested;

70 or

71 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of
72 any tax credit claimed under Section 59-7-605 or 59-10-1009 for the vehicle for which a grant
73 is requested.

74 (d) (i) Subject to the availability of money in the fund, the department may make a loan
75 or grant for the purchase of vehicle refueling equipment for a private sector business vehicle or
76 a government vehicle.

77 (ii) The maximum amount loaned or granted per installation of refueling equipment
78 may not exceed the actual cost of the refueling equipment.

79 (3) The department may:

80 (a) establish an application fee for a loan or grant from the fund by following the
81 procedures and requirements of Section 63J-1-504; and

82 (b) reimburse itself for the costs incurred in administering the fund from:

83 (i) the fund; or

84 (ii) application fees established under Subsection (3)(a).

85 (4) (a) The fund balance may not exceed \$10,000,000.

86 (b) Interest on cash balances and repayment of loans in excess of the amount necessary
87 to maintain the fund balance at \$10,000,000 shall be deposited in the General Fund.

88 (5) (a) Loans made from money in the fund shall be supported by loan documents
89 evidencing the intent of the borrower to repay the loan.

90 (b) The original loan documents shall be filed with the Division of Finance and a copy
91 shall be filed with the department.

92 Section 2. Section 19-2-301 is enacted to read:

93 **Part 3. Conversion to Alternative Fuel Grant Program**

94 **19-2-301. Title.**

95 This part is known as the "Conversion to Alternative Fuel Grant Program."

96 Section 3. Section 19-2-302 is enacted to read:

97 **19-2-302. Definitions.**

98 As used in this part:

99 (1) "Air quality standards" means vehicle emission standards equal to or greater than
100 the standards established in bin 4 in Table S04-1 of 40 C.F.R. 86.1811-04(c)(6).

101 (2) "Alternative fuel" means:

102 (a) propane, natural gas, or electricity; or

103 (b) other fuel that the board determines, by rule, to be:

104 (i) at least as effective in reducing air pollution as the fuels listed in Subsection (2)(a);

105 or

106 (ii) substantially more effective in reducing air pollution as the fuel for which the
107 engine was originally designed.

108 (3) "Board" means the Air Quality Board.

109 (4) "Clean fuel grant" means a grant awarded under Title 19, Chapter 1, Part 4, Clean
110 Fuels and Vehicle Technology Program Act, for reimbursement for a portion of the incremental
111 cost of an OEM vehicle or the cost of conversion equipment.

112 (5) "Conversion equipment" means equipment designed to:

113 (a) allow an eligible vehicle to operate on an alternative fuel; and

114 (b) reduce an eligible vehicle's emissions of regulated pollutants, as demonstrated by:

115 (i) certification of the conversion equipment by the Environmental Protection Agency

116 or by a state or country that has certification standards that are recognized, by rule, by the

117 board;

118 (ii) testing the eligible vehicle, before and after the installation of the equipment, in

119 accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-Use Highway

120 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

121 (iii) for a retrofit natural gas vehicle that is retrofit in accordance with Section

122 19-1-406, satisfying the emission standards described in Section 19-1-406; or

123 (iv) any other test or standard recognized by board rule, made in accordance with Title

124 63G, Chapter 3, Utah Administrative Rulemaking Act.

125 (6) "Cost" means the total reasonable cost of a conversion kit and the paid labor, if any,

126 required to install it.

127 (7) "Director" means the director of the Division of Air Quality.

128 (8) "Division" means the Division of Air Quality, created in Subsection 19-1-105(1)(a).

129 (9) "Eligible vehicle" means a:

130 (a) commercial vehicle, as defined in Section 41-1a-102;

131 (b) farm tractor, as defined in Section 41-1a-102; or

132 (c) motor vehicle, as defined in Section 41-1a-102.

133 Section 4. Section **19-2-303** is enacted to read:

134 **19-2-303. Grants and programs -- Conditions.**

135 (1) The director may make grants to a person who installs conversion equipment on an

136 eligible vehicle as described in this part.

137 (2) A person who installs conversion equipment on an eligible vehicle:

138 (a) may apply to the division for a grant to offset the cost of installation; and

139 (b) shall pass along any savings on the cost of conversion equipment to the owner of

140 the eligible vehicle being converted in the amount of grant money received.

141 (3) As a condition for receiving the grant, a person who installs conversion equipment

142 shall agree to:

143 (a) provide information to the division about the eligible vehicle to be converted with
144 the grant proceeds;

145 (b) allow inspections by the division to ensure compliance with the terms of the grant;
146 and

147 (c) comply with the conditions for the grant.

148 (4) A grant issued under this section may not exceed the lesser of 50% of the cost of
149 the conversion system and associated labor, or \$2,500, per converted eligible vehicle.

150 Section 5. Section **19-2-304** is enacted to read:

151 **19-2-304. Duties and authorities -- Rulemaking.**

152 (1) The board may, by following the procedures and requirements of Title 63G,
153 Chapter 3, Utah Administrative Rulemaking Act, make rules:

154 (a) specifying the amount of money to be dedicated annually for grants under this part;

155 (b) specifying criteria the director shall consider in prioritizing and awarding grants,
156 including a limitation on the types of vehicles that are eligible for funds;

157 (c) specifying the minimum qualifications of a person who:

158 (i) installs conversion equipment on an eligible vehicle; and

159 (ii) receives a grant from the division;

160 (d) specifying the terms of a grant; and

161 (e) requiring all grant applicants to apply on forms provided by the division.

162 (2) The division shall:

163 (a) administer funds to encourage eligible vehicle owners to reduce emissions from
164 eligible vehicles; and

165 (b) provide information about which conversion technology meets the requirements of
166 this part.

167 (3) The division may inspect vehicles for which a grant was made to ensure
168 compliance with the terms of the grant.

169 Section 6. Section **19-2-305** is enacted to read:

170 **19-2-305. Limitation on applying for a tax credit.**

171 An owner of an eligible vehicle who receives the savings on the cost of conversion
172 equipment, as described in Subsection 19-2-303(2)(b), may not claim a tax credit for the
173 conversion under Section 59-7-605 or 59-10-1009 unless the savings are less than the tax credit
174 authorized by those sections, in which case the owner may claim a tax credit in the amount of
175 the difference.

176 Section 7. Section 59-7-605 is amended to read:

177 **59-7-605. Definitions -- Tax credits related to energy efficient vehicles.**

178 (1) As used in this section:

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

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

183 (c) "Certified by the board" means that:

184 (i) a motor vehicle on which conversion equipment has been installed meets the
185 following criteria:

186 (A) before the installation of conversion equipment, the vehicle does not exceed the
187 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,
188 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;
189 and

190 (B) as a result of the installation of conversion equipment on the motor vehicle, the
191 motor vehicle has reduced emissions; or

192 (ii) special mobile equipment on which conversion equipment has been installed has
193 reduced emissions.

194 (d) "Clean fuel grant" means a grant awarded:

195 (i) under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program
196 Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of
197 conversion equipment[-]; or

198 (ii) under Title 19, Chapter 2, Part 3, Conversion to Alternative Fuel Grant Program.

199 (e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

200 (f) "OEM vehicle" has the same meaning as in Section 19-1-402.

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

203 (h) "Qualifying electric vehicle" means a vehicle that:

204 (i) meets air quality standards;

205 (ii) is not fueled by natural gas;

206 (iii) is fueled by electricity only; and

207 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in
208 Subsection (1)(h)(iii).

209 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:

210 (i) meets air quality standards;

211 (ii) is not fueled by natural gas or propane;

212 (iii) has a battery capacity that meets or exceeds the battery capacity described in
213 Section 30D(b)(3), Internal Revenue Code; and

214 (iv) is fueled by a combination of electricity and:

215 (A) diesel fuel;

216 (B) gasoline; or

217 (C) a mixture of gasoline and ethanol.

218 (j) "Reduced emissions" means:

219 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
220 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in
221 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the
222 conversion equipment, as demonstrated by:

223 (A) certification of the conversion equipment by the federal Environmental Protection
224 Agency or by a state that has certification standards recognized by the board;

225 (B) testing the motor vehicle, before and after installation of the conversion equipment,

226 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway
227 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

228 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
229 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
230 emission standards applicable under Section 19-1-406; or

231 (D) any other test or standard recognized by board rule, made in accordance with Title
232 63G, Chapter 3, Utah Administrative Rulemaking Act; or

233 (ii) for purposes of special mobile equipment on which conversion equipment has been
234 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
235 on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the
236 installation of conversion equipment, as demonstrated by:

237 (A) certification of the conversion equipment by the federal Environmental Protection
238 Agency or by a state that has certification standards recognized by the board; or

239 (B) any other test or standard recognized by board rule, made in accordance with Title
240 63G, Chapter 3, Utah Administrative Rulemaking Act.

241 (k) "Special mobile equipment":

242 (i) means any mobile equipment or vehicle that is not designed or used primarily for
243 the transportation of persons or property; and

244 (ii) includes construction or maintenance equipment.

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

249 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in
250 this state, the lesser of:

251 (A) \$1,500; or

252 (B) 35% of the purchase price of the vehicle; or

253 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is

254 registered in this state, \$1,000;

255 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is
256 registered in this state, the lesser of:

257 (i) \$1,500; or

258 (ii) 35% of the purchase price of the vehicle;

259 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor
260 vehicle registered in this state minus the amount of any clean fuel grant received, up to a
261 maximum tax credit of \$1,500 per motor vehicle, if the motor vehicle is to:

262 (i) be fueled by propane, natural gas, or electricity;

263 (ii) be fueled by other fuel the board determines annually on or before July 1 to be at
264 least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or

265 (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act
266 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;

267 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special
268 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum
269 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to
270 be fueled by:

271 (i) propane, natural gas, or electricity; or

272 (ii) other fuel the board determines annually on or before July 1 to be:

273 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);

274 or

275 (B) substantially more effective in reducing air pollution than the fuel for which the
276 engine was originally designed; and

277 (e) for a lease of a vehicle described in Subsection (2)(a) or (b), an amount equal to the
278 product of:

279 (i) the amount of tax credit the taxpayer would otherwise qualify to claim under
280 Subsection (2)(a) or (b) had the taxpayer purchased the vehicle, except that the purchase price
281 described in Subsection (2)(a)(i)(B) or (2)(b)(ii) is considered to be the value of the vehicle at

282 the beginning of the lease; and
283 (ii) a percentage calculated by:
284 (A) determining the difference between the value of the vehicle at the beginning of the
285 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
286 stated in the lease agreement; and
287 (B) dividing the difference determined under Subsection (2)(e)(ii)(A) by the value of
288 the vehicle at the beginning of the lease, as stated in the lease agreement.
289 (3) (a) The board shall:
290 (i) determine the amount of tax credit a taxpayer is allowed under this section; and
291 (ii) provide the taxpayer with a written certification of the amount of tax credit the
292 taxpayer is allowed under this section.
293 (b) A taxpayer shall provide proof of the purchase or lease of an item for which a tax
294 credit is allowed under this section by:
295 (i) providing proof to the board in the form the board requires by rule;
296 (ii) receiving a written statement from the board acknowledging receipt of the proof;
297 and
298 (iii) retaining the written statement described in Subsection (3)(b)(ii).
299 (c) A taxpayer shall retain the written certification described in Subsection (3)(a)(ii).
300 (4) Except as provided by Subsection (5), the tax credit under this section is allowed
301 only:
302 (a) against a tax owed under this chapter or Chapter 8, Gross Receipts Tax on Certain
303 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in the taxable year
304 by the taxpayer;
305 (b) for the taxable year in which a vehicle described in Subsection (2)(a) or (b) is
306 purchased, a vehicle described in Subsection (2)(e) is leased, or conversion equipment
307 described in Subsection (2)(c) or (d) is installed; and
308 (c) once per vehicle.
309 (5) A taxpayer may not assign a tax credit under this section to another person.

310 (6) If the amount of a tax credit claimed by a taxpayer under this section exceeds the
311 taxpayer's tax liability under this chapter or Chapter 8, Gross Receipts Tax on Certain
312 Corporations Not Required to Pay Corporate Franchise or Income Tax Act, for a taxable year,
313 the amount of the tax credit exceeding the tax liability may be carried forward for a period that
314 does not exceed the next five taxable years.

315 (7) In accordance with any rules prescribed by the commission under Subsection (8),
316 the commission shall transfer at least annually from the General Fund into the Education Fund
317 the amount by which the amount of tax credit claimed under this section for a taxable year
318 exceeds \$500,000.

319 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
320 commission may make rules for making a transfer from the General Fund into the Education
321 Fund as required by Subsection (7).

322 Section 8. Section **59-10-1009** is amended to read:

323 **59-10-1009. Definitions -- Tax credits related to energy efficient vehicles.**

324 (1) As used in this section:

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

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

329 (c) "Certified by the board" means that:

330 (i) a motor vehicle on which conversion equipment has been installed meets the
331 following criteria:

332 (A) before the installation of conversion equipment, the vehicle does not exceed the
333 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,
334 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;
335 and

336 (B) as a result of the installation of conversion equipment on the motor vehicle, the
337 motor vehicle has reduced emissions; or

338 (ii) special mobile equipment on which conversion equipment has been installed has
339 reduced emissions.

340 (d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19,
341 Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act[;] or Title 19, Chapter 2,
342 Part 3, Conversion to Alternative Fuel Grant Program, for reimbursement of a portion of the
343 incremental cost of the OEM vehicle or the cost of conversion equipment.

344 (e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

345 (f) "OEM vehicle" has the same meaning as in Section 19-1-402.

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

348 (h) "Qualifying electric vehicle" means a vehicle that:

349 (i) meets air quality standards;

350 (ii) is not fueled by natural gas;

351 (iii) is fueled by electricity only; and

352 (iv) is an OEM vehicle except that the vehicle is fueled by a fuel described in
353 Subsection (1)(h)(iii).

354 (i) "Qualifying plug-in hybrid vehicle" means a vehicle that:

355 (i) meets air quality standards;

356 (ii) is not fueled by natural gas or propane;

357 (iii) has a battery capacity that meets or exceeds the battery capacity described in
358 Section 30D(b)(3), Internal Revenue Code; and

359 (iv) is fueled by a combination of electricity and:

360 (A) diesel fuel;

361 (B) gasoline; or

362 (C) a mixture of gasoline and ethanol.

363 (j) "Reduced emissions" means:

364 (i) for purposes of a motor vehicle on which conversion equipment has been installed,
365 that the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in

366 Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of the
367 conversion equipment, as demonstrated by:

368 (A) certification of the conversion equipment by the federal Environmental Protection
369 Agency or by a state that has certification standards recognized by the board;

370 (B) testing the motor vehicle, before and after installation of the conversion equipment,
371 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway
372 Vehicles and Engines, using all fuel the motor vehicle is capable of using;

373 (C) for a retrofit natural gas vehicle that is retrofit in accordance with Section
374 19-1-406, testing that as a result of the retrofit, the retrofit natural gas vehicle satisfies the
375 emission standards applicable under Section 19-1-406; or

376 (D) any other test or standard recognized by board rule, made in accordance with Title
377 63G, Chapter 3, Utah Administrative Rulemaking Act; or

378 (ii) for purposes of special mobile equipment on which conversion equipment has been
379 installed, that the special mobile equipment's emissions of regulated pollutants, when operating
380 on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the
381 installation of conversion equipment, as demonstrated by:

382 (A) certification of the conversion equipment by the federal Environmental Protection
383 Agency or by a state that has certification standards recognized by the board; or

384 (B) any other test or standard recognized by board rule, made in accordance with Title
385 63G, Chapter 3, Utah Administrative Rulemaking Act.

386 (k) "Special mobile equipment":

387 (i) means any mobile equipment or vehicle not designed or used primarily for the
388 transportation of persons or property; and

389 (ii) includes construction or maintenance equipment.

390 (2) For the taxable [~~year~~] years beginning on or after January 1, 2015, but beginning on
391 or before December 31, [~~2015~~] 2016, a claimant, estate, or trust may claim a nonrefundable tax
392 credit against tax otherwise due under this chapter in an amount equal to:

393 (a) (i) for the original purchase of a new qualifying electric vehicle that is registered in

394 this state, the lesser of:
395 (A) \$1,500; or
396 (B) 35% of the purchase price of the vehicle; or
397 (ii) for the original purchase of a new qualifying plug-in hybrid vehicle that is
398 registered in this state, \$1,000;
399 (b) for the original purchase of a new vehicle fueled by natural gas or propane that is
400 registered in this state, the lesser of:
401 (i) \$1,500; or
402 (ii) 35% of the purchase price of the vehicle;
403 (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor
404 vehicle registered in this state minus the amount of any clean fuel [conversion] grant received,
405 up to a maximum tax credit of \$1,500 per vehicle, if the motor vehicle:
406 (i) is to be fueled by propane, natural gas, or electricity;
407 (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be
408 at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or
409 (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act
410 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.;;
411 (d) 50% of the cost of equipment for conversion, if certified by the board, of a special
412 mobile equipment engine minus the amount of any clean fuel [conversion] grant received, up to
413 a maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile
414 equipment is to be fueled by:
415 (i) propane, natural gas, or electricity; or
416 (ii) other fuel the board determines annually on or before July 1 to be:
417 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);
418 or
419 (B) substantially more effective in reducing air pollution than the fuel for which the
420 engine was originally designed; and
421 (e) for a lease of a vehicle described in Subsection (2)(a) or (b), an amount equal to the

422 product of:

423 (i) the amount of tax credit the claimant, estate, or trust would otherwise qualify to
424 claim under Subsection (2)(a) or (b) had the claimant, estate, or trust purchased the vehicle,
425 except that the purchase price described in Subsection (2)(a)(i)(B) or (2)(b)(ii) is considered to
426 be the value of the vehicle at the beginning of the lease; and

427 (ii) a percentage calculated by:

428 (A) determining the difference between the value of the vehicle at the beginning of the
429 lease, as stated in the lease agreement, and the value of the vehicle at the end of the lease, as
430 stated in the lease agreement; and

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

433 (3) (a) The board shall:

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

436 (ii) provide the claimant, estate, or trust with a written certification of the amount of
437 tax credit the claimant, estate, or trust is allowed under this section.

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

440 (i) providing proof to the board in the form the board requires by rule;

441 (ii) receiving a written statement from the board acknowledging receipt of the proof;

442 and

443 (iii) retaining the written statement described in Subsection (3)(b)(ii).

444 (c) A claimant, estate, or trust shall retain the written certification described in
445 Subsection (3)(a)(ii).

446 (4) Except as provided by Subsection (5), the tax credit under this section is allowed
447 only:

448 (a) against a tax owed under this chapter in the taxable year by the claimant, estate, or
449 trust;

450 (b) for the taxable year in which a vehicle described in Subsection (2)(a) or (b) is
451 purchased, a vehicle described in Subsection (2)(e) is leased, or conversion equipment
452 described in Subsection (2)(c) or (d) is installed; and

453 (c) once per vehicle.

454 (5) A claimant, estate, or trust may not assign a tax credit under this section to another
455 person.

456 (6) If the amount of a tax credit claimed by a claimant, estate, or trust under this
457 section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable
458 year, the amount of the tax credit exceeding the tax liability may be carried forward for a period
459 that does not exceed the next five taxable years.

460 (7) In accordance with any rules prescribed by the commission under Subsection (8),
461 the commission shall transfer at least annually from the General Fund into the Education Fund
462 the amount by which the amount of tax credit claimed under this section for a taxable year
463 exceeds \$500,000.

464 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
465 commission may make rules for making a transfer from the General Fund into the Education
466 Fund as required by Subsection (7).