

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), is purchased and installed, ~~if applicable~~, and shall
8 be equal to ~~thirty-six~~ twenty-five percent of the cost of the qualified clean-burning
9 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), if installed by
15 the vehicle's manufacturer ~~and the taxpayer is unable to, or elects not to determine~~
16 ~~the exact cost which is attributable to such property~~, the taxpayer may claim a credit
17 against individual or corporate income tax for the taxable period in which the new
18 motor vehicle is purchased equal to seven and two tenths percent of the cost of the
19 motor vehicle or one thousand five hundred dollars, whichever is less, provided the
20 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, 2017, 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).

- (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 25% of the cost of vehicle conversion equipment and fueling equipment.

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)