
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Danielle Doiron.

DIGEST

26Present law grants an individual and corporate income tax credit for "investing" in "qualified clean-burning motor vehicle fuel property."

Present law defines "qualified clean-burning motor vehicle fuel property" as either of the following:

- (1) Equipment installed to modify a gasoline propelled motor vehicle so that the vehicle may be propelled by an alternative fuel.
- (2) A motor vehicle originally equipped to be propelled by an alternative fuel but only to the extent of the portion of the motor vehicle which is attributable to the storage of alternative fuel, the delivery of alternative fuel to the engine of the motor vehicle, and the exhaust of gases from combustion of alternative fuel.
- (3) Property which is directly related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by fuel, including compression equipment, storage tanks, and dispensing units for alternative fuel at the point where the alternative fuel is delivered, provided such property is located in Louisiana.

Proposed law changes present law by defining "*cost of* qualified clean-burning motor vehicle fuel property" as any of the following:

- (1) The retail cost paid for the purchase and installation of qualified clean-burning motor vehicle fuel property to modify a motor vehicle which is propelled by gasoline or diesel so that the motor vehicle may be propelled by an alternative fuel.
- (2) The cost of a new motor vehicle purchased at retail originally equipped to be propelled by an alternative fuel for the cost of that portion of the motor vehicle attributable to the storage of the alternative fuel, the delivery of the alternative fuel to the engine of the motor vehicle, and the exhaust of gases from combustion of the alternative fuel.
- (3) The cost of property directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel, including compression equipment, storage tanks, and dispensing units for alternative fuel at the point where the fuel is delivered, provided the property is installed and located in Louisiana and no credit has been previously claimed on the cost of such property.

Present law defines "alternative fuel" as a fuel which results in "comparably lower" emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination thereof and includes compressed natural gas, liquefied natural gas, liquefied

petroleum gas, reformulated gasoline, methanol, ethanol, electricity, "and any other fuels which meet or exceed federal clean air standards."

Proposed law retains present law, but adds biofuel and biodiesel to the definition of "alternative fuel" and deletes reformulated gasoline.

Proposed law defines "qualified clean-burning motor vehicle fuel property" as equipment necessary for a motor vehicle to operate on an alternative fuel but shall not include equipment necessary for operation of a motor vehicle on gasoline or diesel.

Present law provides that the amount of the tax credit shall be 20% of the cost of the qualified clean-burning motor vehicle fuel property.

Proposed law increases the amount of the tax credit from 20% to 50% of the cost of the qualified clean-burning motor vehicle fuel property.

Present law provides that in cases in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer and the taxpayer is unable to or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount of 20% of 10% of the cost of the motor vehicle or \$1,500, whichever is less.

Proposed law increases the amount of the tax credit from 20% of 10% of the cost of the motor vehicle or \$1,500, whichever is less, to 10% of the cost of the motor vehicle or \$3,000, whichever is less.

Present law provides that if the tax credit exceeds the amount of income taxes due, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward as a credit against subsequent income tax liability for a period not to exceed three tax years.

Proposed law changes present law to make the tax credit refundable if the amount of the tax credit exceeds the amount of income taxes due.

Present law prohibits a qualified employer who receives a rebate according to the provisions of the Louisiana Quality Jobs Program from receiving the income tax credit authorized in present law for the conversion of a vehicle to alternative fuel usage.

Proposed law removes this prohibition.

Applicable to amounts paid by the taxpayer on and after January 1, 2009.

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

(Adds R.S. 47:6035; repeals R.S. 47:38, and 287.757, and R.S. 51:2458(2))