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## DIGEST

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Burford

HB No. 135

**Abstract:** Extends the income tax credit for the conversion of vehicles to alternative fuel usage to leased motor vehicles.

Present law provides for a refundable income tax credit equal to 50% of the "cost of qualified clean-burning motor vehicle fuel property" when such property is purchased and installed on a motor vehicle. "Qualified clean-burning motor vehicle fuel property" is defined as equipment necessary for a motor vehicle to operate on an alternative fuel but does not include equipment necessary for operation of a motor vehicle on gasoline or diesel.

Present law alternatively provides that in cases in which a motor vehicle with qualified clean-burning motor vehicle fuel property installed by the manufacturer is purchased by a taxpayer, 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 for the lesser of \$3,000 or 10% of the cost of the motor vehicle.

Proposed law retains present law but extends applicability of the credit to motor vehicles which are leased and to the lessor of a motor vehicle who purchases and installs qualified clean-burning motor vehicle fuel property in such leased motor vehicle.

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

- (1) The retail cost paid by the owner of a motor vehicle for the purchase and installation of qualified clean-burning motor vehicle fuel property certified by the U.S. Environmental Protection Agency to modify a motor vehicle which is propelled by gasoline or diesel so that the motor vehicle may be propelled by an alternative fuel, provided the motor vehicle is registered in this state.
- (2) The cost to the owner 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, provided the motor vehicle is registered in this state.
- (3) The cost of property which is directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel, provided the property is installed

and located in this state and no credit has been previously claimed on the cost of such property.

Proposed law retains present law but adds to the definition of "cost of qualified clean-burning motor vehicle fuel property" costs paid by the lessor of the motor vehicle.

(Amends R.S. 47:6035(A), (B)(2)(a) and (b), and (D))