

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 681** HLS 13RS 1460

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 3, 2013	5:27 PM	Author: ORTEGO
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Removes electricity from alternative fuel definition		

TAX CREDITS

OR INCREASE GF RV See Note

Page 1 of 1

Changes the definition of alternative fuel for purposes of the tax credit for conversion of a vehicle to alternative fuel usage

Current law provides a refundable income tax credit of 50% of the cost and installation of conversion of property which will subsequently allow alternative fuel use, whether in a vehicle or a delivery property, such as a service station. Without itemizing, the filer may instead choose a credit of 10% of the cost of a new vehicle that operates on alternative fuel, up to \$3,000 per vehicle. It is not necessary that the vehicle be purchased in Louisiana. Currently, the vehicle portion of the law applies only to vehicles with fuel systems that can independently run on two types of fuel. The bill defines alternative fuel to include those with lower emissions than gasoline or diesel, meets or exceeds federal clean air standards, including but not limited to compressed and liquefied natural gas, liquefied petroleum gas, biofuel, biodiesel, methanol, ethanol, and electricity.

Proposed law removes methanol, ethanol, and, electricity as an alternative fuel eligible for the tax credit. Alternative fuel would include natural gas, liquified petroleum gas, and any non-ethanol based advanced biofuel.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Currently, methanol, ethanol, electric and hybrid electric vehicles are eligible for the alternative fuel credit. This bill would remove these vehicles from eligibility for the credit. To the extent those vehicles are claiming the credit now, SGF would increase.

According to the Revenue Department, the Office of Motor Vehicles estimates about 5,700 hybrid vehicles are registered in the state (presumably primarily electric hybrids). If each hybrid vehicle claimed the maximum credit, the state would issue about \$17.1 M in credits for these vehicles. Comparing this to the total credits issued of \$30 M, it is estimated that the state would save roughly half of the credits issued if all hybrid vehicles ran on electricity and all claimed the full credit. However, it seems unlikely that a credit was claimed on all of these vehicles, and the savings potential is likely to be materially less than that maximum. The Revenue Department is unable to distinguish the various types of alternative fuel vehicles that are being granted credit. The bill can only work to reduce the number and amount of tax credits issued under this program, but a meaningful estimate of the state costs savings can not be readily generated.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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