



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 135** HLS 13RS 26
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 17, 2013	12:21 PM	Author: BURFORD
Dept./Agy.: Revenue		
Subject: Allows the alternative fuel credit on leased vehicles		Analyst: Deborah Vivien

TAX/INCOME-CREDIT OR DECREASE GF RV See Note Page 1 of 1

Expands the income tax credit for alternative fuel vehicles and conversion of vehicles to alternative fuels to include leased vehicles

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 fuel delivery property, such as a service station. Without itemizing specific eligible costs, 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 would expand the alternative fuel credit to apply to leased vehicles, based on the cost of the vehicle to the lessor. It is not clear whether the lease cost will contribute to the credit calculation.

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>	<u>\$0</u>
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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill expands the alternative fuel tax credit to apply to leased vehicles, either for the cost of the vehicle or for the transformation of the leased vehicle for eligible alternative fuel use. While a precise estimate of state revenue impact is not possible, the possible effect may be implied by U.S. Department of Transportation data. That data indicates that in 2009 no more than 6% of total new car sales and leases (passenger cars and light trucks) were alternative fuel vehicles (excludes E85 ethanol non-fleet vehicles), and that the share of leased vehicles in the total of vehicle sales and leases is about 20%. Thus, on the basis of this 2009 data, expanding the alternative fuel tax credit to include leased vehicles would add about 1.2% more vehicles to the pool of vehicles eligible for the credit (20% of 6%). This data is not current and this segment of the market may be growing more popular. For illustration purposes then, a 5% increase in eligible vehicles would suggest an increased tax credit cost of the program of some \$100,000 (assumes \$2 million of annual credit increased by 5%).

According to the Department of Revenue, this bill may allow two credits to be taken on the same vehicle since the owner and the lessor both qualify for the credit and both would presumably be based on the original cost of the vehicle.

Senate	Dual Referral Rules	House
<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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