

Utah Code

Title 59

Revenue and Taxation

Chapter 7

Corporate Franchise and Income Taxes

Section 605

Definitions -- Cleaner burning fuels tax credit.

59-7-605. Definitions -- Cleaner burning fuels tax credit.

(1) As used in this section:

(a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in:

(i) bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6); or

(ii) for a new qualified plug-in electric drive motor vehicle, as defined in Section 30D, Internal Revenue Code, bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

(b) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air Conservation Act.

(c) "Certified by the board" means that:

(i) a motor vehicle on which conversion equipment has been installed meets the following criteria:

(A) before the installation of conversion equipment, the vehicle does not exceed the emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51, Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;

(B) the motor vehicle's emissions of regulated pollutants, when operating on a fuel listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

(C) a reduction in emissions under Subsection (1)(c)(i)(B) is demonstrated by:

(I) certification of the conversion equipment by the federal Environmental Protection Agency or by a state whose certification standards are recognized by the board;

(II) testing the motor vehicle, before and after installation of the conversion equipment, in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway Vehicles and Engines, using all fuel the motor vehicle is capable of using; or

(III) any other test or standard recognized by board rule, which may not include a retrofit compressed natural gas vehicle that is retrofit in accordance with Section [19-1-406](#), unless that motor vehicle also satisfies Subsection (1)(c)(i)(C)(I); or

(ii) special mobile equipment on which conversion equipment has been installed meets the following criteria:

(A) the special mobile equipment's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(d)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

(B) a reduction in emissions under Subsection (1)(c)(ii)(A) is demonstrated by:

(I) certification of the conversion equipment by the federal Environmental Protection Agency or by a state whose certification standards are recognized by the board; or

(II) any other test or standard recognized by board rule.

- (d) "Clean fuel grant" means a grant awarded under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act, for reimbursement of a portion of the incremental cost of an OEM vehicle or the cost of conversion equipment.
- (e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).
- (f) "Fuel economy standards" means that a vehicle's combined fuel economy, as determined in 40 C.F.R. 600.209-95(d) is equal to or greater than:
- (i) 31 miles per gallon for gasoline-fueled vehicles;
 - (ii) 36 miles per gallon for diesel-fueled vehicles;
 - (iii) 19 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15% gasoline;
 - (iv) 19 miles per gallon for liquefied petroleum gas-fueled vehicles; or
 - (v) standards consistent with 40 C.F.R. 600.209-95(d) that are adopted by the Air Quality Board by rule.
- (g) "Incremental cost" has the same meaning as in Section [19-1-402](#).
- (h) "OEM vehicle" has the same meaning as in Section [19-1-402](#).
- (i) "Original purchase" means the purchase of a vehicle that has never been titled or registered and has been driven less than 7,500 miles.
- (j) "Special mobile equipment":
- (i) means any mobile equipment or vehicle that is not designed or used primarily for the transportation of persons or property; and
 - (ii) includes construction or maintenance equipment.

(2) For taxable years beginning on or after January 1, 2009, but beginning on or before December 31, 2013, a taxpayer may claim a tax credit against tax otherwise due under this chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay Corporate Franchise or Income Tax Act, in an amount equal to:

- (a) \$605 for the original purchase of a new vehicle that is not fueled by compressed natural gas if the vehicle is registered in Utah and meets air quality standards and fuel economy standards;
- (b) for the purchase of a vehicle fueled by compressed natural gas that is registered in Utah, the lesser of:
 - (i) \$2,500; or
 - (ii) 35% of the purchase price of the vehicle;
- (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor vehicle registered in Utah minus the amount of any clean fuel grant received, up to a maximum tax credit of \$2,500 per motor vehicle, if the motor vehicle is to:
 - (i) be fueled by propane, natural gas, or electricity;
 - (ii) be fueled by other fuel the board determines annually on or before July 1 to be at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or
 - (iii) meet the federal clean-fuel vehicle standards in the federal Clean Air Act Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and
- (d) 50% of the cost of equipment for conversion, if certified by the board, of a special mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to be fueled by:
 - (i) propane, natural gas, or electricity; or
 - (ii) other fuel the board determines annually on or before July 1 to be:

(A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i);
or

(B) substantially more effective in reducing air pollution than the fuel for which the engine was originally designed.

(3) A taxpayer shall provide proof of the purchase of an item for which a tax credit is allowed under this section by:

(a) providing proof to the board in the form the board requires by rule;

(b) receiving a written statement from the board acknowledging receipt of the proof; and

(c) retaining the written statement described in Subsection (3)(b).

(4) Except as provided by Subsection (5), the tax credit under this section is allowed only:

(a) against any Utah tax owed in the taxable year by the taxpayer;

(b) in the taxable year in which the item is purchased for which the tax credit is claimed;
and

(c) once per vehicle.

(5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the tax liability may be carried forward for a period that does not exceed the next five taxable years.

(6) The tax credit provided by this section may be taken only once per vehicle.

Amended by Chapter 358, 2011 General Session