

1 SB256
2 190654-1
3 By Senator Ward
4 RFD: Finance and Taxation Education
5 First Read: 30-JAN-18

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8 SYNOPSIS: This bill would provide an income tax credit
9 for qualified clean-burning motor fuel property,
10 including motor vehicles propelled by compressed
11 natural gas, liquefied natural gas, or liquefied
12 petroleum gas, for tax years beginning on January
13 1, 2019.

14
15 A BILL
16 TO BE ENTITLED
17 AN ACT
18

19 To provide a credit against the state income tax for
20 the installation of certain qualified clean-burning motor fuel
21 property.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. (a) For the purposes of this act, the
24 following words have the following meanings:

25 (1) MOTOR VEHICLE. A motor vehicle as defined in
26 Section 32-1-1.1 of the Code of Alabama 1975, licensed to

1 operate lawfully and principally on streets and highways of
2 this state.

3 (2) QUALIFIED CLEAN-BURNING MOTOR VEHICLE FUEL
4 PROPERTY. Any of the following:

5 a. Equipment installed to modify a motor vehicle
6 which is propelled by gasoline or diesel fuel so that the
7 vehicle may be propelled by compressed natural gas, liquefied
8 natural gas, or liquefied petroleum gas. The equipment covered
9 by this paragraph shall be new and may not have been
10 previously used to modify or retrofit any vehicle propelled by
11 gasoline or diesel fuel.

12 b. A motor vehicle originally equipped so that the
13 vehicle may be propelled by compressed natural gas, liquefied
14 natural gas, or liquefied petroleum gas, but only to the
15 extent of the portion of the cost of the motor vehicle which
16 is attributable to the storage of the fuel, the delivery to
17 the engine of the motor vehicle of the fuel, and the exhaust
18 of gases from combustion of the fuel.

19 c. Property, not including a building and its
20 structural components, which is either of the following:

21 1. Directly related to the delivery of compressed
22 natural gas, liquefied natural gas, or liquefied petroleum gas
23 for commercial purposes or for a fee or charge into the fuel
24 tank of a motor vehicle propelled by the fuel including
25 compression equipment and storage tanks for the fuel at the
26 point where the fuel is delivered, but only if the property is
27 not used to deliver the fuel into any other type of storage

1 tank or receptacle and the fuel is not used for any purpose
2 other than to propel a motor vehicle.

3 2. A metered-for-fee public access recharging system
4 for motor vehicles propelled in whole or in part by
5 electricity. The property covered by this subparagraph shall
6 be new, and may not have been previously installed or used to
7 refuel vehicles powered by compressed natural gas, liquefied
8 natural gas, or liquefied petroleum gas or electricity.

9 d. Property which is directly related to the
10 compression and delivery of natural gas from a private home or
11 residence, for noncommercial purposes, into the fuel tank of a
12 motor vehicle propelled by compressed natural gas. The
13 property covered by this subparagraph shall be new and may not
14 have been previously installed or used to refuel vehicles
15 powered by natural gas.

16 Section 2. (a) For tax years beginning on or after
17 January 1, 2019, there shall be allowed a one-time credit
18 against the income tax imposed by Chapter 18, of Title 40,
19 Code of Alabama 1975, as follows:

20 (1) For qualified clean-burning motor vehicle fuel
21 property defined in paragraphs a., b., or c. of subdivision
22 (1) of Section 1, 50 percent of the cost of the qualified
23 clean-burning motor vehicle fuel property.

24 (2) For qualified clean-burning motor vehicle fuel
25 property defined in paragraph d. of subdivision (1) of Section
26 1, a credit of the lesser of 50 percent of the cost of the

1 qualified clean-burning motor vehicle fuel property or two
2 thousand five hundred dollars (\$2,500).

3 (b) In cases in which no credit has been claimed
4 pursuant to subsection (a) by any prior owner and the motor
5 vehicle is purchased by a taxpayer with qualified
6 clean-burning motor vehicle fuel property installed by another
7 person or the manufacturer of the motor vehicle, and the
8 taxpayer is unable or elects not to determine the exact cost
9 which is attributable to the property, the taxpayer may claim
10 a credit in an amount not exceeding the lesser of 10 percent
11 of the cost of the motor vehicle or one thousand five hundred
12 dollars (\$1,500).

13 (c) If the tax credit allowed in a taxable year
14 pursuant to this section exceeds the amount of income taxes
15 due or if there are no state income taxes due on the income of
16 the taxpayer, the amount of the credit not used as an offset
17 against the income taxes for a taxable year may be carried
18 forward as a credit against subsequent income tax liability
19 for a period not to exceed five years.

20 (d) A husband and wife who file separate returns for
21 a taxable year in which they could have filed a joint return
22 may each claim only one half of the tax credit that would have
23 been allowed for a joint return.

24 Section 3. The Department of Revenue may adopt rules
25 to carry out the purpose of this act, including rules to
26 establish and enforce civil penalties for violations thereof.

1 Section 4. This act shall become effective
2 immediately following its passage and approval by the
3 Governor, or its otherwise becoming law.