

1 SB94  
2 197859-1  
3 By Senator Singleton  
4 RFD: Finance and Taxation General Fund  
5 First Read: 19-MAR-19

2  
3  
4  
5  
6  
7  
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 October  
13 1, 2020.

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 October 1, 2020, 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 three  
2 thousand dollars (\$3,000).

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 two thousand dollars  
12 (\$2,000).

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.