HB 725 -- Alternative Fueled Vehicles

Sponsor: Stevenson

Beginning January 1, 2007, this bill requires the following percentage of all new vehicles sales annually sold by a dealer to be alternative fueled vehicles: for 2007, no percentage requirement; for 2008, 10%; for 2009, 20%; for 2010, 30%; for 2011, 40%; for 2012, 50%; and for 2013 and after, 60%. If the percentage is not met, the dealer will pay a surcharge of 0.5% of all new vehicle sales. If the percentage is achieved, the dealer is eligible for an income tax credit equal to 10% of the total invoice price of all alternative fueled vehicles sold by a dealer.

Beginning January 1, 2007, the bill authorizes an income tax credit of up to $10,000 of the costs for improvements or retrofitting of any existing fuel station or up to $50,000 for new construction costs to provide alternative fuel or a recharging station for electric vehicles.

The cumulative amount of the two credits is each capped at $20 million annually. The tax credits may be taken against individual and corporate income tax, corporate franchise tax, insurance premium tax, financial institutions tax, and express company tax liability. The tax credits are not transferable or refundable, but can be carried forward and claimed for up to five taxable years.

The provisions of the bill regarding the income tax credits will expire six years from the effective date.