

HB 2274 -- Alternative Fuel and Vehicle Incentives

Sponsor: Munzlinger

This bill changes the laws regarding tax incentives for certain alternative fuel uses.

ALTERNATIVE FUEL STATIONS

The bill authorizes a tax credit, from January 1, 2009, to December 31, 2011, for eligible applicants who install and operate a qualified alternative fuel vehicle refueling station. The credit may be claimed for any tax year in which the applicant is constructing the station. The credit will be the lesser of \$20,000 or 20% of the total direct costs for the purchase and installation of any alternative fuel storage and dispensing equipment. The costs of purchasing land or an existing alternative fuel vehicle refueling station or the construction or purchase of a structure are not considered eligible costs. The total amount of tax credits which can be claimed cannot exceed \$3 million in 2009, \$2 million in 2010, and \$1 million in 2011. Tax credits may be carried forward for two years and sold, but will be forfeited if a tax credit recipient stops selling alternative fuel.

HYBRID VEHICLES

An income tax deduction is authorized, beginning January 1, 2009, for an individual who purchases a qualified hybrid vehicle. The tax deduction will be the lesser of \$1,500 or 10% of the vehicle's purchase price and must be claimed in the tax year in which the vehicle is purchased.

ALTERNATIVE FUELS

The bill authorizes a tax credit for the purchase of E-85 gasoline or biodiesel or biodiesel-blended fuel. For 2009, the tax credit will be 25 cents per gallon for E-85 gasoline and five cents per gallon for biodiesel or biodiesel-blended fuel purchased by the taxpayer; for 2010 and 2011, 20 cents for E-85 gasoline and three cents for biodiesel or biodiesel-blended fuel; and for 2012 and thereafter, 15 cents for E-85 gasoline and five cents for biodiesel or biodiesel-blended fuel. The amount of tax credits claimed annually per taxpayer must be between \$50 and \$500. The tax credit is not refundable but can be carried forward for three years and will be available to taxpayers who choose to take the standard deduction. No more than \$500,000 in tax credits can be redeemed in any fiscal year.

The provisions regarding tax credits for the alternative fuel

vehicle refueling station and the purchase of alternative fuels expire six years from the effective date.