

1 HOUSE BILL NO. 398

2 INTRODUCED BY C. HUNTER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING TAX CREDITS RELATED TO ALTERNATIVE FUEL
5 MOTOR VEHICLES; PROVIDING A TAX CREDIT FOR A PORTION OF THE COST OF INSTALLING
6 ALTERNATIVE FUEL DISPENSING EQUIPMENT AT A RESIDENTIAL ALTERNATIVE FUEL FACILITY AND
7 AT A COMMERCIAL ALTERNATIVE FUEL FACILITY; PROVIDING THAT A PERSON WHO SELLS A
8 COMMERCIAL ALTERNATIVE FUEL FACILITY TO A TAX-EXEMPT ORGANIZATION IS ELIGIBLE FOR THE
9 CREDIT FOR ALTERNATIVE FUEL DISPENSING EQUIPMENT; PROVIDING THAT THE CREDIT MAY NOT
10 BE CLAIMED FOR A TAX YEAR BEGINNING AFTER DECEMBER 31, 2014; REQUIRING THE DEPARTMENT
11 OF REVENUE TO ADOPT RULES FOR LABELING ALTERNATIVE FUEL DISPENSING EQUIPMENT;
12 PROVIDING A TAX CREDIT FOR THE PURCHASE OR LEASE OF A NEW PLUG-IN ELECTRIC DRIVE
13 VEHICLE BY INDIVIDUALS AND BUSINESSES; AND PROVIDING A DELAYED EFFECTIVE DATE AND
14 APPLICABILITY DATES."

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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17

18 NEW SECTION. **Section 1. Credit for alternative fuel dispensing equipment.** There is a credit
19 against taxes otherwise due under this chapter allowable for alternative fuel dispensing equipment. The credit
20 must be computed and administered as provided in [section 3].

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22 NEW SECTION. **Section 2. Credit for new plug-in electric drive vehicle.** There is a credit against
23 taxes otherwise due under this chapter allowable for the purchase or lease of a new plug-in electric drive vehicle.
24 The credit must be computed and administered as provided in [section 4].

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26 NEW SECTION. **Section 3. Credit for alternative fuel dispensing equipment -- limitations -- sale
27 to tax-exempt entity -- definitions -- rules.** (1) Subject to the conditions of this section, an individual,
28 corporation, small business corporation as defined in 15-30-3301, partnership, or limited liability company as
29 defined in 35-8-102 that constructs and places in service a commercial facility or residential facility for dispensing
30 alternative fuel may receive a credit against taxes imposed by Title 15, chapter 30 or 31, for a portion of the

1 equipment and labor costs incurred to install alternative fuel dispensing equipment that is used for dispensing
2 or storing an alternative fuel.

3 (2) To qualify for the credit under this section, the alternative fuel dispensing equipment:

4 (a) must have been placed in service in Montana before January 1, 2015; and

5 (b) except for alternative fuel dispensing equipment installed at a residential facility, must have
6 prominently displayed on the equipment a statement that the equipment is for dispensing or storing alternative
7 fuel.

8 (3) A taxpayer may claim the credit for the installation of alternative fuel dispensing equipment at a
9 residential facility if the facility is located at the taxpayer's principal residence within the meaning of 26 U.S.C. 121.

10 (4) The maximum credit a taxpayer may claim in a tax year under this section is an amount equal to the
11 equipment and labor costs incurred in the tax year for the installation of alternative fuel dispensing equipment at
12 a location, but the credit may not exceed \$500. Only one credit may be claimed for alternative fuel dispensing
13 equipment placed in service at a principal residence.

14 (5) A taxpayer may not claim a credit under this section for the installation of alternative fuel dispensing
15 equipment for a tax year beginning after December 31, 2014.

16 (6) If a person sells a commercial facility for dispensing alternative fuel to an organization that is exempt
17 from taxation under 26 U.S.C. 501(c)(3) or to a unit of state or local government, the person who sold the property
18 is considered the taxpayer who placed the facility in service. The person taking the credit shall disclose to the
19 entity purchasing the facility the credit allowed under this section.

20 (7) The credit allowed under this section for a tax year may not exceed the taxpayer's income tax liability.
21 A credit may not be refunded if a taxpayer has tax liability less than the amount of the credit. The credit may not
22 be carried forward or carried back.

23 (8) If the credit is claimed by a small business corporation, a partnership, or a limited liability company,
24 the credit must be attributed to the individual shareholders, partners, members, or managers in the same
25 proportion used to report income or loss for state tax purposes.

26 (9) An exclusion, deduction, or credit is not allowed under any other provision of Title 15, chapter 30 or
27 31, with respect to any amount for which a credit is allowed under this section.

28 (10) For the purpose of this section, the following definitions apply:

29 (a) "Alternative fuel" means:

30 (i) compressed natural gas;

- 1 (ii) liquefied natural gas;
 2 (iii) liquefied petroleum gas;
 3 (iv) hydrogen;
 4 (v) electricity; or
 5 (vi) any other fuel if at least 85% of the fuel is methanol.

6 (b) "Alternative fuel dispensing equipment" means:

- 7 (i) equipment, including pumps, storage tanks, and related equipment, that is used for the dispensing
 8 of an alternative fuel into the fuel tank of a motor vehicle propelled by an alternative fuel, but only if the dispensing
 9 of the fuel is at the point where the fuel is delivered into the fuel tank of the motor vehicle; or
 10 (ii) equipment that is used for the recharging of motor vehicles propelled by electricity, but only if the
 11 equipment is located at the point where the motor vehicles are recharged.

12 (11) The department shall adopt rules to specify how alternative fuel dispensing equipment must be
 13 labeled as provided in subsection (2)(b).
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15 **NEW SECTION. Section 4. Credit for new plug-in electric drive vehicle -- limitations.** (1) Subject
 16 to the conditions of this section, an individual, corporation, small business corporation as defined in 15-30-3301,
 17 partnership, or limited liability company as defined in 35-8-102 may receive a credit against taxes imposed by
 18 Title 15, chapter 30 or 31, for the purchase or lease of a new plug-in electric drive vehicle before January 1, 2015.
 19 The amount of the credit is equal to \$1,000 for each new plug-in electric drive vehicle. The credit applies in the
 20 tax year in which the vehicle is purchased. To qualify for the credit, the vehicle must be registered in Montana.

21 (2) The credit allowed under this section is limited to the purchase or lease of:

- 22 (a) one new plug-in electric drive vehicle in the tax year by an individual for personal use; and
 23 (b) 10 new plug-in electric drive vehicles in the tax year by a corporation, small business corporation,
 24 partnership, or limited liability company for the exclusive use of the vehicles in the business of the taxpayer.

25 (3) The credit allowed under this section for a tax year may not exceed the taxpayer's income tax liability.
 26 A credit may not be refunded if a taxpayer has tax liability less than the amount of the credit. The credit may not
 27 be carried forward or carried back.

28 (4) Married taxpayers may claim only one credit for a vehicle. However, married taxpayers filing
 29 separately on the same form may allocate the credit between spouses.

30 (5) If the credit is claimed by a small business corporation, a partnership, or a limited liability company,

1 the credit must be attributed to the individual shareholders, partners, members, or managers in the same
2 proportion used to report income or loss for state tax purposes.

3 (6) An exclusion, deduction, or credit is not allowed under any other provision of Title 15, chapter 30 or
4 31, with respect to any amount for which a credit is allowed under this section.

5 (7) For the purposes of this section, the term "new plug-in electric drive vehicle" means a four-wheeled
6 motor vehicle that:

7 (a) is made by a manufacturer primarily for use on public streets, roads, and highways;

8 (b) has not been modified from the original manufacturer's specifications;

9 (c) is originally used by the taxpayer and is used or leased by the taxpayer and is not for resale;

10 (d) has a gross vehicle weight rating of 8,500 pounds or less;

11 (e) is capable of traveling at least 55 miles an hour; and

12 (f) is propelled to a significant extent by an electric motor that draws electricity from a battery that:

13 (i) has a capacity of not less than 4 kilowatt hours; and

14 (ii) is capable of being recharged from an external source of electricity.

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16 **NEW SECTION. Section 5. Codification instruction.** (1) [Sections 1 and 2] are intended to be codified
17 as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to
18 [sections 1 and 2].

19 (2) [Sections 3 and 4] are intended to be codified as an integral part of Title 15, chapter 31, part 1, and
20 the provisions of Title 15, chapter 31, part 1, apply to [sections 3 and 4].

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22 **NEW SECTION. Section 6. Effective date.** [This act] is effective January 1, 2012.

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24 **NEW SECTION. Section 7. Applicability.** (1) [Sections 1 and 3] apply to alternative fuel dispensing
25 equipment placed in service after December 31, 2011.

26 (2) [Sections 2 and 4] apply to new plug-in electric drive vehicles purchased or leased after December
27 31, 2011.

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