

RULE

Department of Revenue Tax Administration Division

Alternative Fuel Credit (LAC 61:I.1913)

Under the authority of R.S. 47:6035(G), as enacted by Act 469 of the 2009 Regular Legislative Session, R.S. 47:1511, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Louisiana Department of Revenue (LDR), after consultation with the Department of Natural Resources, adopts LAC 61:I.1913 to provide guidance with respect to the income tax credit authorized by R.S. 47:6035 for taxpayers who purchase qualified clean-burning motor vehicle fuel property. *Qualified clean-burning motor vehicle fuel property* is defined as equipment necessary for vehicles to operate on an alternative fuel, and specifically excludes property that is necessary for vehicles to operate on petroleum gasoline or petroleum diesel. *Alternative fuels* are defined to include natural gas, liquefied natural gas, liquefied petroleum gas, biofuel, biodiesel, methanol, ethanol, and electricity. The credit is equal to 50 percent of the cost of qualified clean-burning motor vehicle fuel property.

This Rule discusses the documentation that is required to claim the credit and provides information necessary to determine that certain types of alternative fuel vehicles are not eligible under the provisions of the statute to be treated as "qualified clean-burning motor vehicle fuel property" because the vehicles have only a single fuel storage and delivery system and retain the capability to be propelled by petroleum gasoline or petroleum diesel.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions, Credits and Deductions Returns

§1913. Alternative Fuel Tax Credit

A. The tax credit provided by R.S. 47:6035 authorizes an incentive to individuals or corporations to invest in qualified clean-burning motor vehicle fuel property. The tax credit is limited to a portion of the purchase price of qualified clean-burning motor vehicle fuel property. The statute specifically provides that "qualified clean-burning motor vehicle fuel property" does not include any equipment necessary for the operation of a motor vehicle on petroleum gasoline or petroleum diesel. For this reason, the credit provided by R.S. 47:6035 is not allowed for acquisitions of motor vehicles capable of being propelled by an alternative fuel, but that include only a single fuel storage and delivery system and that retain the capability to be propelled by petroleum gasoline or petroleum diesel.

B. The Alternative Fuel Tax Credit is available for:

1. a portion of the cost of the equipment and installation purchased to modify a vehicle originally propelled by petroleum gasoline or petroleum diesel to a vehicle capable of being propelled by an alternative fuel. If the modified vehicle retains the capability of being propelled by petroleum gasoline or petroleum diesel, the modified vehicle must have a separate fuel storage and delivery system for the alternative fuel that is capable of using only the alternative fuel;

2. a portion of the cost of a new vehicle that is capable of being propelled by an alternative fuel. If the vehicle has the capability of being propelled by petroleum gasoline or petroleum diesel, the vehicle must have a separate fuel storage and delivery system for the alternative fuel that is capable of using only the alternative fuel;

3. a portion of the cost of property, excluding the installation of the property, that is directly related to the delivery of an alternative fuel into the fuel tanks of motor vehicles propelled by an alternative fuel.

C. As used in this Section, the following words and phrases shall have the meanings ascribed to them in this Subsection, unless the context clearly indicates otherwise.

1. *Alternative Fuel*—fuel which results in emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates, or any combination of these which are comparably lower than emissions from petroleum gasoline or petroleum diesel and which meets or exceeds federal clean air standards, including but not limited to compressed natural gas, liquefied natural gas, liquefied petroleum gas, biofuel, biodiesel, methanol, ethanol, and electricity.

2. *Cost of Qualified Clean-burning Motor Vehicle Fuel Property* shall mean any of the following:

a. a portion of the retail cost paid by the owner of a motor vehicle for the purchase and installation by a technician of qualified clean-burning motor vehicle fuel property certified by the United States Environmental Protection Agency to modify a motor vehicle which is propelled by petroleum gasoline or petroleum diesel so that the motor vehicle can thereafter be propelled by an alternative fuel, provided the motor vehicle is registered in this state, and further provided that if the modified vehicle retains the capability of being propelled by petroleum gasoline or petroleum diesel, the modified vehicle must have a separate fuel storage and delivery system for the alternative fuel that is capable of using only the alternative fuel;

b. a portion of the retail cost to the owner of a new motor vehicle purchased at retail, that is originally equipped to be propelled by an alternative fuel, for the cost of that portion of the motor vehicle which is attributable to the storage of the alternative fuel, the delivery of the alternative fuel to the engine of the motor vehicle, and the exhaust of gases from combustion of the alternative fuel, provided the motor vehicle is registered in this state, and further provided that, if the vehicle has the capability of being propelled by petroleum gasoline or petroleum diesel, the vehicle must have a separate fuel storage and delivery system for the alternative fuel that is capable of using only the alternative fuel:

i. for vehicles that are capable of being propelled, either partially or wholly, by electricity, such as hybrid-electric vehicles, plug-in hybrid-electric vehicles, all-electric vehicles, and low-speed electric vehicles, the credit is limited to the qualified clean-burning motor vehicle fuel property that stores and delivers the electricity to the motor, but is not authorized on another separate fuel storage and delivery system within the vehicle that uses petroleum gasoline or petroleum diesel as a fuel source;

c. a portion of the retail cost of property, excluding the installation cost of property, which is directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel, including compression

equipment, storage tanks, and dispensing units for alternative fuel at the point where the fuel is delivered, provided the property is installed and located in this state and no credit has been previously claimed by any taxpayer on the cost of such property;

d. the cost of property which is directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel shall not include costs associated with exploration and development activities necessary for severing natural resources from the soil or ground.

3. *Qualified Clean-burning Motor Vehicle Fuel Property* shall not include:

a. equipment necessary for operation of a motor vehicle on petroleum gasoline or petroleum diesel;

b. motor vehicle fuel property that is capable of also being used with non-alternative fuels, such as petroleum gasoline or petroleum diesel;

c. repairs to or replacements of *qualified clean-burning motor vehicle fuel property* after the initial installation of such property into a vehicle by the vehicle's manufacturer or qualified technician.

D. The credit is equal to 50 percent of the cost of qualified clean-burning motor vehicle fuel property, and shall be claimed on the personal or corporate income tax return for the period when the taxpayer incurred the cost for the qualified clean-burning motor vehicle fuel property.

E. In order to receive the credit provided by R.S. 47:6035, the taxpayer must provide certain information and documentation to the LDR that is specific to the type of property upon which the credit is claimed.

1. To claim the credit for the cost of the purchase and installation of vehicle equipment to modify a vehicle to be capable of being propelled by an alternative fuel, required information shall include, but not be limited to, the following:

a. the year, make, model, and vehicle identification number (VIN) of the vehicle;

b. a certification that the installed qualified clean-burning motor vehicle fuel property is certified by the United States Environmental Protection Agency, and that the technician performing the installation is certified by the manufacturer of the equipment to perform the installation;

c. an itemization of the costs associated with the modification, including copies of all invoices for the materials and installation services for the modification;

d. a certification that the modified vehicle is registered in this state; and

e. a certification that, if the modified vehicle retains the capability of being propelled by petroleum gasoline or petroleum diesel, the vehicle must have a separate fuel storage and delivery system for the alternative fuel.

2.a For the purchase of a new vehicle that is capable of being propelled by an alternative fuel, required information shall include:

i. the year, make, model, vehicle identification number (VIN), and price paid for of the vehicle;

ii. a certification that the vehicle is registered in this state; and

iii. a certification that, if the vehicle is capable of being propelled also by petroleum gasoline or petroleum diesel, the vehicle must have a separate fuel storage and delivery system for the alternative fuel.

b. Once a motor vehicle is determined to contain qualified clean-burning motor vehicle fuel property, to claim the credit, the taxpayer can elect to determine the exact cost of the qualified clean-burning motor vehicle fuel property pre-installed by the manufacturer in the purchased vehicle. The cost of the qualified clean-burning motor vehicle fuel property for a new motor vehicle originally equipped to be propelled by an alternative fuel shall be the cost of that portion of the motor vehicle which is attributable to any of the following:

i. the storage of the alternative fuel;

ii. the delivery of the alternative fuel to the engine of the motor vehicle; and

iii. the exhaust of gases from combustion of the alternative fuel.

c.i. If the taxpayer is unable to or elects not to determine the exact cost of the qualified clean-burning motor vehicle property pre-installed by the manufacturer in the purchased vehicle, the taxpayer can claim a credit that is the lesser of:

(a) 10 percent of the cost of the motor vehicle;

or

(b) \$3,000.

ii. When determining the cost of a vehicle for this purpose, the cost shall exclude rebates and discounts provided by the manufacturer or seller of the vehicle, state and local sales taxes, and vehicle registration, title, and processing fees.

3. For the purchase of property which is directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel, required documentation shall include:

a. a listing of each purchased item including compression equipment, storage tanks, and dispensing units for alternative fuel at the point where the fuel is delivered, together with copies of invoices for each item;

b. a certification that the property is installed and located in this state; and

c. a certification that no credit has been previously claimed by any taxpayer on the cost of such property.

F.1. The credit provided by this Section is applicable to purchase transactions, including purchases of new eligible vehicles, purchases of eligible equipment and installations for fuel system conversions, and purchases of property which is directly related to the delivery of an alternative fuel into the fuel tank of motor vehicles propelled by alternative fuel, but is not applicable to transactions for the lease or rental of vehicles or other tangible personal property, or to purchases of used vehicles.

2. The refundable income tax credit is available to persons and corporations on whom income taxes are imposed by law. The credit is not available to entities or other persons on whom income taxes are not imposed.

3. The credit is available only to persons and corporations who are the titled owners of eligible motor vehicles, as indicated in the records of the Office of Motor Vehicles of the Department of Public Safety and Corrections.

4. The secretary of the Department of Revenue is authorized to withhold the issuance of a credit to any taxpayer who is required to pay an alternative road use tax for his vehicle that operates on certain alternative fuels, such as liquefied natural gas (LNG), compressed natural gas (CNG), or liquefied petroleum gas (LPG), who has not paid

the alternative road tax for that vehicle and received a decal from the secretary evidencing that payment.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511, 1514, and 6035(G).

HISTORICAL NOTE: Promulgated by the Department of Revenue, Tax Administration Division, LR 38:3239 (December 2012).