

**MOTOR VEHICLES - CLEAN AIR**

**DISCOUNTS**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Gene Davis**

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**LONG TITLE**

**General Description:**

This bill modifies the Corporate Franchise and Income Tax Act, the Individual Income Tax Act, and the Clean Fuels Conversion Program Act to amend provisions relating to loans, grants, and tax credits for purchases of or conversions to clean fuel vehicles.

**Highlighted Provisions:**

This bill:

- ▶ provides that the corporate franchise and income tax credit and the individual income tax credit for a vehicle manufactured to use clean fuel is based on a percentage of the vehicle's manufacturer suggested retail price if there is no documented incremental cost for the clean fuel vehicle and the vehicle is a hybrid electric vehicle;

- ▶ provides definitions;

- ▶ provides that a clean fuel loan or grant is based on a percentage of the vehicle's manufacturer suggested retail price if there is no documented incremental cost for the clean fuel vehicle and the vehicle is a hybrid electric vehicle;

**§ ▶ PROVIDES THAT A CLEAN FUEL GRANT MAY NOT EXCEED \$3,000 PER VEHICLE; § and**

- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides for retrospective operation.



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-7-605**, as last amended by Chapter 198, Laws of Utah 2003

31 **59-10-127**, as last amended by Chapter 198, Laws of Utah 2003

32 **63-34-202**, as enacted by Chapter 231, Laws of Utah 2002

33 **63-34-203**, as enacted by Chapter 231, Laws of Utah 2002

34 **63-34-204**, as enacted by Chapter 231, Laws of Utah 2002



36 *Be it enacted by the Legislature of the state of Utah:*

37 Section 1. Section **59-7-605** is amended to read:

38 **59-7-605. Definitions -- Tax credit -- Cleaner burning fuels.**

39 (1) As used in this section:

40 (a) "Board" means the Air Quality Board created under Title 19, Chapter 2, Air  
41 Conservation Act.

42 (b) "Certified by the board" means that:

43 (i) a motor vehicle on which conversion equipment has been installed meets the  
44 following criteria:

45 (A) before the installation of conversion equipment, the vehicle does not exceed the  
46 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,  
47 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;

48 (B) the motor vehicle's emissions of regulated pollutants, when operating on fuels  
49 listed in Subsection (2)(b), is less than the emissions were before the installation of conversion  
50 equipment; and

51 (C) a reduction in emissions under Subsection (1)(b)(i)(B) is demonstrated by:

52 (I) certification of the conversion equipment by the federal Environmental Protection  
53 Agency or by a state whose certification standards are recognized by the board;

54 (II) testing the motor vehicle, before and after installation of the conversion equipment,  
55 in accordance with 40 C.F.R. Part 86, Control of Emissions from New and In-use Highway  
56 Vehicles and Engines, using all fuel the motor vehicle is capable of using; or

57 (III) any other test or standard recognized by board rule; or

58 (ii) special mobile equipment on which conversion equipment has been installed meets

59 the following criteria:

60 (A) the special mobile equipment's emissions of regulated pollutants, when operating  
61 on fuels listed in Subsection (2)(c), is less than the emissions were before the installation of  
62 conversion equipment; and

63 (B) a reduction in emissions under Subsection (1)(b)(ii)(A) is demonstrated by:

64 (I) certification of the conversion equipment by the federal Environmental Protection  
65 Agency or by a state whose certification standards are recognized by the board; or

66 (II) any other test or standard recognized by board rule.

67 (c) "Clean fuel grant" means a grant awarded under Title [9] 63, Chapter [1] 34, Part  
68 [7] 2, Clean Fuels Conversion Program Act, for reimbursement of [~~a portion~~]:

69 (i) 50% of the incremental cost of the OEM vehicle;

70 (ii) 10% of the manufacturer's suggested retail price of [an] the OEM vehicle if there is  
71 no documented incremental cost and the vehicle is a hybrid electric vehicle; or

72 (iii) 50% of the cost of conversion equipment.

73 (d) "Conversion equipment" means equipment referred to in Subsection (2)(b) or  
74 (2)(c).

75 (e) "Hybrid electric vehicle" is as defined in Section 63-34-202.

76 [~~(e)~~] (f) "Incremental cost" [~~has the same meaning~~] is as defined in Section 63-34-202.

77 (g) "Manufacturer's suggested retail price" is as defined in Section 63-34-202.

78 [~~(f)~~] (h) "OEM vehicle" [~~has the same meaning~~] is as defined in Section 63-34-202.

79 [~~(g)~~] (i) "Special mobile equipment":

80 (i) means any mobile equipment or vehicle that is not designed or used primarily for  
81 the transportation of persons or property; and

82 (ii) includes construction or maintenance equipment.

83 (2) For taxable years beginning on or after January 1, 2001, but beginning on or before  
84 December 31, 2005, a taxpayer may claim a tax credit against tax otherwise due under this  
85 chapter or Chapter 8, Gross Receipts Tax on Certain Corporations Not Required to Pay  
86 Corporate Franchise or Income Tax Act, in an amount equal to:

87 (a) (i) Except as provided in Subsection (2)(a)(ii), 50% of the incremental cost of an  
88 OEM vehicle registered in Utah minus the amount of any clean fuel grant received, up to a  
89 maximum tax credit of \$3,000 per vehicle, if the vehicle:

90            ~~[(i)]~~ (A) is fueled by propane, natural gas, or electricity;

91            ~~[(ii)]~~ (B) is fueled by other fuel the board determines annually on or before July 1 to be

92 at least as effective in reducing air pollution as fuels under Subsection (2)(a)(i)~~(A)~~; or

93            ~~[(iii)]~~ (C) meets the clean fuel vehicle standards in the federal Clean Air Act

94 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; or

95            (ii) 10% of the manufacturer's suggested retail price of the OEM vehicle minus the

96 amount of any clean fuel grant received, up to a maximum tax credit of \$3,000 per vehicle if:

97            (A) the vehicle:

98            (I) is fueled by propane, natural gas, or electricity;

99            (II) is fueled by other fuel the board determines annually on or before July 1 to be at

100 least as effective in reducing air pollution as fuels under Subsection (2)(a)(ii)(A)(I); or

101            (III) meets the clean fuel vehicle standards in the federal Clean Air Act Amendments of

102 1990, 42 U.S.C. Sec. 7521 et seq.;

103            (B) there is no documented incremental cost for the OEM vehicle; and

104            (C) the vehicle is a hybrid electric vehicle;

105            (b) 50% of the cost of equipment for conversion, if certified by the board, of a motor

106 vehicle registered in Utah minus the amount of any clean fuel grant received, up to a maximum

107 tax credit of \$2,500 per motor vehicle, if the motor vehicle ~~[is to]~~:

108            (i) ~~[be]~~ is fueled by propane, natural gas, or electricity;

109            (ii) ~~[be]~~ is fueled by other fuel the board determines annually on or before July 1 to be

110 at least as effective in reducing air pollution as fuels under Subsection (2)(b)(i); or

111            (iii) ~~[meet]~~ meets the federal clean fuel vehicle standards in the federal Clean Air Act

112 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

113            (c) 50% of the cost of equipment for conversion, if certified by the board, of a special

114 mobile equipment engine minus the amount of any clean fuel grant received, up to a maximum

115 tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to

116 be fueled by:

117            (i) propane, natural gas, or electricity; or

118            (ii) other fuel the board determines annually on or before July 1 to be:

119            (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(c)(i);

120 or

121 (B) substantially more effective in reducing air pollution than the fuel for which the  
122 engine was originally designed.

123 (3) A taxpayer shall provide proof of the purchase of an item for which a tax credit is  
124 allowed under this section by:

125 (a) providing proof to the board in the form the board requires by rule;

126 (b) receiving a written statement from the board acknowledging receipt of the proof;

127 and

128 (c) retaining the written statement described in Subsection (3)(b).

129 (4) Except as provided by Subsection (5), the tax credit under this section is allowed  
130 only:

131 (a) against any Utah tax owed in the taxable year by the taxpayer;

132 (b) in the taxable year in which the item is purchased for which the tax credit is  
133 claimed; and

134 (c) once per vehicle.

135 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the  
136 taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit  
137 exceeding the tax liability may be carried forward for a period that does not exceed the next  
138 five taxable years.

139 Section 2. Section **59-10-127** is amended to read:

140 **59-10-127. Definitions -- Tax credit -- Cleaner burning fuels.**

141 (1) As used in this section:

142 (a) "Board" means the Air Quality Board created in Title 19, Chapter 2, Air  
143 Conservation Act.

144 (b) "Certified by the board" means that:

145 (i) a motor vehicle on which conversion equipment has been installed meets the  
146 following criteria:

147 (A) before the installation of conversion equipment, the vehicle does not exceed the  
148 emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51,  
149 Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;

150 (B) the motor vehicle's emissions of regulated pollutants, when operating on fuels  
151 listed in Subsection (2)(b), is less than the emissions were before the installation of conversion

152 equipment; and

153 (C) a reduction in emissions under Subsection (1)(b)(i)(B) is demonstrated by:

154 (I) certification of the conversion equipment by the federal Environmental Protection  
155 Agency or by a state whose certification standards are recognized by the board;

156 (II) testing the motor vehicle, before and after installation of the conversion equipment,  
157 in accordance with 40 C.F.R. Part 86, Control Emissions from New and In-use Highway  
158 Vehicles and Engines, using all fuels the motor vehicle is capable of using; or

159 (III) any other test or standard recognized by board rule; or

160 (ii) special mobile equipment on which conversion equipment has been installed meets  
161 the following criteria:

162 (A) the special mobile equipment's emissions of regulated pollutants, when operating  
163 on fuels listed in Subsection (2)(c), is less than the emissions were before the installation of  
164 conversion equipment; and

165 (B) a reduction in emissions under Subsection (1)(b)(ii)(A) is demonstrated by:

166 (I) certification of the conversion equipment by the federal Environmental Protection  
167 Agency or by a state whose certification standards are recognized by the board; or

168 (II) any other test or standard recognized by the board.

169 (c) "Clean fuel grant" means a grant the taxpayer receives under Title [9] 63, Chapter  
170 [1] 34, Part [7] 2, Clean Fuels Conversion Program Act, for reimbursement of [~~a portion~~];

171 (i) 50% of the incremental cost of the OEM vehicle;

172 (ii) 10% of the manufacturer's suggested retail price of the OEM vehicle if there is no  
173 documented incremental cost and the vehicle is a hybrid electric vehicle; or

174 (iii) 50% of the cost of conversion equipment.

175 (d) "Conversion equipment" means equipment referred to in Subsection (2)(b) or  
176 (2)(c).

177 (e) "Hybrid electric vehicle" is as defined in Section 63-34-202.

178 [~~(e)~~] (f) "Incremental cost" [~~has the same meaning~~] is as defined in Section 63-34-202.

179 (g) "Manufacturer's suggested retail price" is as defined in Section 63-34-202.

180 [~~(f)~~] (h) "OEM vehicle" [~~has the same meaning~~] is as defined in Section 63-34-202.

181 [~~(g)~~] (i) "Special mobile equipment":

182 (i) means any mobile equipment or vehicle not designed or used primarily for the

183 transportation of persons or property; and

184 (ii) includes construction or maintenance equipment.

185 (2) For taxable years beginning on or after January 1, 2001, but beginning on or before  
186 December 31, 2005, a taxpayer may claim a tax credit against tax otherwise due under this  
187 chapter in an amount equal to:

188 (a) (i) 50% of the incremental cost of an OEM vehicle registered in Utah minus the  
189 amount of any clean fuel grant received, up to a maximum tax credit of \$3,000 per vehicle, if  
190 the vehicle:

191 [(i)] (A) is fueled by propane, natural gas, or electricity;

192 [(ii)] (B) is fueled by other fuel the board determines annually on or before July 1 to be  
193 at least as effective in reducing air pollution as fuels under Subsection (2)(a)(i); or

194 [(iii)] (C) meets the clean fuel vehicle standards in the federal Clean Air Act  
195 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; or

196 (ii) 10% of the manufacturer's suggested retail price of the OEM vehicle minus the  
197 amount of any clean fuel grant received, up to a maximum tax credit of \$3,000 per vehicle if:

198 (A) the vehicle:

199 (I) is fueled by propane, natural gas, or electricity;

200 (II) is fueled by other fuel the board determines annually on or before July 1 to be at  
201 least as effective in reducing air pollution as fuels under Subsection (2)(a)(ii)(A)(I); or

202 (III) meets the clean fuel vehicle standards in the federal Clean Air Act Amendments of  
203 1990, 42 U.S.C. Sec. 7521 et seq.;

204 (B) there is no documented incremental cost for the OEM vehicle; and

205 (C) the vehicle is a hybrid electric vehicle;

206 (b) 50% of the cost of equipment for conversion, if certified by the board, of a motor  
207 vehicle registered in Utah minus the amount of any clean fuel conversion grant received, up to  
208 a maximum tax credit of \$2,500 per vehicle, if the motor vehicle:

209 (i) is ~~[to be]~~ fueled by propane, natural gas, or electricity;

210 (ii) is ~~[to be]~~ fueled by other fuel the board determines annually on or before July 1 to  
211 be at least as effective in reducing air pollution as fuels under Subsection (2)(b)(i); or

212 (iii) ~~[will meet]~~ meets the federal clean fuel vehicle standards in the federal Clean Air  
213 Act Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and

214 (c) 50% of the cost of equipment for conversion, if certified by the board, of a special  
215 mobile equipment engine minus the amount of any clean fuel conversion grant received, up to a  
216 maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile  
217 equipment is to be fueled by:

- 218 (i) propane, natural gas, or electricity; or
- 219 (ii) other fuel the board determines annually on or before July 1 to be:
- 220 (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(c)(i);

221 or

222 (B) substantially more effective in reducing air pollution than the fuel for which the  
223 engine was originally designed.

224 (3) An individual shall provide proof of the purchase of an item for which a tax credit  
225 is allowed under this section by:

- 226 (a) providing proof to the board in the form the board requires by rule;
- 227 (b) receiving a written statement from the board acknowledging receipt of the proof;

228 and

229 (c) retaining the written statement described in Subsection (3)(b).

230 (4) Except as provided by Subsection (5), the tax credit under this section is allowed  
231 only:

- 232 (a) against any Utah tax owed in the taxable year by the taxpayer;
- 233 (b) in the taxable year in which the item is purchased for which the tax credit is  
234 claimed; and
- 235 (c) once per vehicle.

236 (5) If the amount of a tax credit claimed by a taxpayer under this section exceeds the  
237 taxpayer's tax liability under this chapter for a taxable year, the amount of the tax credit  
238 exceeding the tax liability may be carried forward for a period that does not exceed the next  
239 five taxable years.

240 Section 3. Section **63-34-202** is amended to read:

241 **63-34-202. Definitions.**

242 As used in this part:

243 (1) "Certified by the Air Quality Board" means that a motor vehicle on which  
244 conversion equipment has been installed meets the following criteria:

245 (a) before the installation of conversion equipment, the motor vehicle does not exceed  
 246 the emission cut points for a transient test driving cycle, as specified in 40 CFR 51, Appendix  
 247 E to Subpart S, or an equivalent test for the make, model, and year of the motor vehicle;

248 (b) the motor vehicle's emissions of regulated pollutants, when operating with clean  
 249 fuel, is less than the emissions were before the installation of conversion equipment; and

250 (c) a reduction in emissions under Subsection (1)(b) is demonstrated by:

251 (i) certification of the conversion equipment by the federal Environmental Protection  
 252 Agency or by a state whose certification standards are recognized by the Air Quality Board;

253 (ii) testing the motor vehicle, before and after the installation of the conversion  
 254 equipment, in accordance with 40 CFR 86, Control of Air Pollution from New and In-use  
 255 Motor Vehicle Engines: Certification and Test Procedures, using all fuel the motor vehicle is  
 256 capable of using; or

257 (iii) any other test or standard recognized by Air Quality Board rule.

258 (2) "Clean fuel" means:

259 (a) propane, compressed natural gas, or electricity;

260 (b) other fuel the Air Quality Board determines to be at least as effective as fuels under  
 261 Subsection (2)(a) in reducing air pollution; or

262 (c) other fuel that meets the clean fuel vehicle standards in the federal Clean Air Act  
 263 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.

264 (3) "Clean fuel vehicle" means a vehicle that:

265 (a) uses a clean fuel; and

266 (b) meets clean fuel vehicle standards in the federal Clean Air Act Amendments of  
 267 1990, 42 U.S.C. Sec. 7521 et seq.

268 (4) "Fund" means the Clean Fuels Vehicle Fund created in Section 63-34-203.

269 (5) "Government vehicle" means a motor vehicle registered in Utah and owned and  
 270 operated by the state, a public trust authority, a school district, a county, a municipality, a town,  
 271 or a city, including a metropolitan rapid transit motor vehicle, bus, truck, law enforcement  
 272 vehicle, or emergency vehicle.

273 (6) "Hybrid electric vehicle" means a vehicle:

274 (a) in which an engine and an electric motor is installed; § [and] §

275 (b) § IN WHICH BOTH § the engine § [described in Subsection (6)(a) assists] AND § the  
 275a electric motor § ASSIST § in providing

276 propulsion § ; AND

276a (c) THAT MEETS OR EXCEEDS THE VEHICLE EMISSIONS STANDARDS IN 80 C.F.R. PARTS  
 276b 80, 85, AND 86, CONTROL OF AIR POLLUTION FROM NEW MOTOR VEHICLES: TIER 2 MOTOR  
 276c VEHICLE EMISSIONS STANDARDS AND GASOLINE SULFUR CONTROL REQUIREMENTS § .

277 [~~(6)~~] (7) "Incremental cost" means the difference between the cost of the OEM vehicle  
 278 and the same vehicle model manufactured without the clean fuel fueling system.

279 (8) (a) "Manufacturer's suggested retail price" means the retail price suggested by the  
 280 manufacturer that is required to be affixed to the windshield or placed on a side window in  
 281 accordance with 15 U.S.C. Sec. 1232.

282 (b) "Manufacturer's suggested retail price" does not include the retail delivered price  
 283 suggested by the manufacturer for each accessory or item of optional equipment physically  
 284 attached to the automobile at the time of delivery.

285 [~~(7)~~] (9) "OEM vehicle" means a vehicle manufactured by the original vehicle  
 286 manufacturer or its contractor to use a clean fuel.

287 [~~(8)~~] (10) "Private sector business vehicle" means a motor vehicle registered in Utah  
 288 that is owned and operated solely in the conduct of a private business enterprise.

289 [~~(9)~~] (11) "Refueling equipment" means compressors when used separately,  
 290 compressors used in combination with cascade tanks, and other equipment that constitute a  
 291 central refueling system capable of dispensing vehicle fuel.

292 Section 4. Section **63-34-203** is amended to read:

293 **63-34-203. Clean Fuels Vehicle Fund -- Contents -- Loans or grants made with**  
 294 **fund monies.**

295 (1) (a) There is created a revolving fund known as the Clean Fuels Vehicle Fund.

296 (b) The fund consists of:

297 (i) appropriations to the fund;

298 (ii) other public and private contributions made under Subsection (1)(d);

299 (iii) interest earnings on cash balances; and

300 (iv) all monies collected for loan repayments and interest on loans.

301 (c) All money appropriated to the fund is nonlapsing.

302 (d) The department may accept contributions from other public and private sources for  
 303 deposit into the fund.

304 (2) (a) The department may make loans or grants with monies available in the fund for:

305 (i) the conversion of private sector business vehicles and government vehicles to use a  
 306 clean fuel, if certified by the Air Quality Board; or

307 (ii) the purchase of OEM vehicles for use as private sector business vehicles or  
 308 government vehicles.

309 (b) The amount of a loan for any vehicle may not exceed:

310 (i) the actual cost of the vehicle conversion;

311 (ii) the incremental cost of purchasing the OEM vehicle; or

312 (iii) ~~the cost of purchasing~~ 20% of the manufacturer's suggested retail price of the  
 313 OEM vehicle if there is no documented incremental cost and the vehicle is a hybrid electric  
 314 vehicle.

315 (c) The amount of a grant for any vehicle may not exceed:

316 (i) 50% of the actual cost of the vehicle conversion minus the amount of any tax credit

317 claimed under Section 59-7-605 or 59-10-127 for the vehicle for which a grant is requested **\$ , UP**

317a **TO A MAXIMUM GRANT OF \$3,000 PER VEHICLE** § ; or

318 (ii) 50% of the incremental cost of purchasing an OEM vehicle minus the amount of  
 319 any tax credit claimed under Section 59-7-605 or 59-10-127 for the vehicle for which a grant is  
 320 requested **\$ , UP TO A MAXIMUM GRANT OF \$3,000 PER VEHICLE** § [-]; or

321 (iii) 10% of the manufacturer's suggested retail price of the OEM vehicle minus the  
 322 amount of any tax credit claimed under Section 59-7-605 or 59-10-127 for the vehicle for  
 323 which a grant is requested **\$ , UP TO A MAXIMUM GRANT OF \$3,000 PER VEHICLE, §** if:

324 (A) there is no documented incremental cost; and

325 (B) the vehicle is a hybrid electric vehicle.

326 (d) (i) Subject to the availability of monies in the fund, the department may make loans  
 327 for the purchase of vehicle refueling equipment for private sector business vehicles and  
 328 government vehicles.

329 (ii) The maximum amount loaned per installation of refueling equipment may not  
 330 exceed the actual cost of the refueling equipment.

331 (3) Administrative costs of the fund shall be paid from the fund.

332 (4) (a) The fund balance may not exceed \$10,000,000.

333 (b) Interest on cash balances and repayment of loans in excess of the amount necessary  
 334 to maintain the fund balance at \$10,000,000 shall be deposited in the General Fund.

335 (5) (a) Loans made from monies in the fund shall be supported by loan documents  
 336 evidencing the intent of the borrower to repay the loan.

337 (b) The original loan documents shall be filed with the Division of Finance and a copy

338 shall be filed with the department.

339 Section 5. Section **63-34-204** is amended to read:

340 **63-34-204. Department duties -- Rulemaking -- Loan repayment.**

341 (1) The department shall:

342 (a) establish and administer the loan and grant program to encourage government  
343 officials and private sector business vehicle owners and operators to obtain and use clean fuel  
344 vehicles; and

345 (b) make rules in accordance with Title 63, Chapter 46a, Utah Administrative  
346 Rulemaking Act:

347 (i) specifying the amount of money in the fund to be dedicated annually for grants;

348 (ii) limiting the amount of a grant given to any person claiming a tax credit under  
349 Section 59-7-605 or 59-10-127 for the motor vehicle for which a grant is requested to assure  
350 that the sum of the tax credit and grant does not exceed:

351 (A) 50% of the incremental cost of the OEM vehicle; [~~or~~]

352 (B) 50% of the cost of conversion equipment; or

353 (C) 10% of the manufacturer's suggested retail price of the OEM vehicle if there is no  
354 documented incremental cost and the vehicle is a hybrid electric vehicle;

355 (iii) limiting the number of motor vehicles per fleet operator that may be eligible for a  
356 grant in a year;

357 (iv) specifying criteria the department shall consider in prioritizing and awarding loans  
358 and grants;

359 (v) specifying repayment periods;

360 (vi) specifying procedures for:

361 (A) awarding loans and grants; and

362 (B) collecting loans; and

363 (vii) requiring all loan and grant applicants to:

364 (A) apply on forms provided by the department;

365 (B) agree in writing to use the clean fuel for which each vehicle is converted or  
366 purchased using loan or grant proceeds for a minimum of 70% of the vehicle miles traveled  
367 beginning from the time of conversion or purchase of the vehicle;

368 (C) agree in writing to notify the department if a vehicle converted or purchased using

369 loan or grant proceeds becomes inoperable through mechanical failure or accident and to  
370 pursue a remedy outlined in department rules;

371 (D) provide reasonable data to the department on vehicles converted or purchased with  
372 loan or grant proceeds; and

373 (E) submit vehicles converted or purchased with loan or grant proceeds to inspections  
374 by the department as required in department rules and as necessary for administration of the  
375 loan and grant program.

376 (2) (a) When developing repayment schedules for the loans, the department shall  
377 consider the projected savings from use of the clean fuel vehicle.

378 (b) A repayment schedule may not exceed ten years.

379 (c) Loans made from the fund for private sector vehicles shall be made at an interest  
380 rate equal to the annual return earned in the state treasurer's Public Treasurer's Pool as  
381 determined the month immediately preceding the closing date of the loan.

382 (d) Loans made from the fund for government vehicles shall be made at a zero interest  
383 rate.

384 (3) The Division of Finance is responsible for collection of and accounting for the  
385 loans and has custody of all loan documents, including all notes and contracts, evidencing the  
386 indebtedness of the fund.

387 Section 6. **Effective date -- Retrospective operation.**

388 This bill takes effect on May 3, 2004, except that Sections 59-7-605 and 59-10-127  
389 have retrospective operation for taxable years beginning on or after January 1, 2004.

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**Legislative Review Note**  
**as of 2-13-04 6:15 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**AMENDED BILL**

**State Impact**

Passage of this bill could decrease the Uniform School Fund by \$341,500 in FY 2005 and by \$682,800 in FY 2006. Depending on definitional interpretations, the loss could be significantly higher.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	(\$341,500)	(\$682,800)
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$341,500)</b>	<b>(\$682,800)</b>

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**Individual and Business Impact**

Individuals and businesses could receive an average benefit per vehicle of approximately \$2,500.

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**Office of the Legislative Fiscal Analyst**