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ALTERNATIVE-FUELED VEHICLES: INCOME TAX CREDIT

House Bill 4030

Sponsor: Rep. Andrew Richner

Committee: Tax Policy

Complete to 8-7-01

A SUMMARY OF HOUSE BILL 4030 AS INTRODUCED 1-25-01

The bill would amend the Income Tax Act to allow a taxpayer a credit for the purchase or lease of a new or used alternative-fueled vehicle or for the purchase of conversion equipment to convert a conventional-fueled vehicle to operate on an alternative fuel.

The credit would be determined as follows.

- For a new original equipment manufactured alternative-fueled vehicle under 12,000 pounds gross vehicle weight, the greater of 30 percent of the cost of the vehicle or \$5,000.
- For a new vehicle of 12,000 pounds or more, the greater of 30 percent of the cost of the vehicle or \$30,000.
- For a used vehicle under 12,000 pounds, the greater of 15 percent of the cost of the vehicle or \$2,500.
- For a used vehicle of 12,000 or more pounds, the greater of 15 percent of the cost of the vehicle or \$15,000.
- For the purchase of conversion equipment to convert a vehicle under 12,000 pounds, the greatest of 30 percent of the actual purchase price of the equipment plus the cost of conversion; 30 percent of the original manufacturer's base retail price of the converted vehicle; or \$5,000.
- For the purchase of conversion equipment to convert a vehicle of 12,000 pounds or more, the greatest of 30 percent of the actual purchase price of the equipment plus the cost of conversion; 30 percent of the original manufacturer's base retail price of the converted vehicle; or \$30,000.

The credit would not be a refundable credit. That is, if the credit exceeded the taxpayer's tax liability for the year, the portion that exceeded the tax liability would not be refunded. The credit would apply to tax years beginning after December 31, 2000. (A credit is a direct reduction in the amount of taxes owed.)

The terms "alternative fuel", "alternative-fueled vehicle", and "motor vehicle" would have the meanings found in Title III of the federal Energy Policy Act of 1992. In that act, the term "alternative fuel" refers to methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent of the aforementioned fuels with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels derived from biological materials; electricity, including solar energy; and others designated by the Secretary of Energy. The term

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“alternative-fueled vehicles” includes both dedicated vehicles and dual fueled vehicles (those that can run on either an alternative fuel or on gasoline or diesel fuel). The term “motor vehicles” applies both to automobiles and vehicles other than automobiles.

MCL 206.269

Analyst: C. Couch

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