



House of Representatives

General Assembly

File No. 273

January Session, 2001

House Bill No. 6319

House of Representatives, April 12, 2001

The Committee on Transportation reported through REP. COCCO of the 127th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING BIODIESEL FUEL.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 12-217i of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (c) If the amount of any credit provided in this section exceeds the
4 amount of tax otherwise payable in the income year or calendar
5 quarter, as the case may be, in which such expenditure was paid or
6 incurred, the balance of any such credit remaining may be taken in any
7 of the three succeeding income years or twelve succeeding calendar
8 quarters, respectively. Any taxpayer allowed such a tax credit against
9 the tax imposed under this chapter, chapter 209, 210, 211 or 212 shall
10 not be allowed such credit under more than one of said chapters. As
11 used in this section "clean alternative fuel" shall mean compressed
12 natural gas, liquefied petroleum gas, liquefied natural gas, biodiesel
13 fuel, as defined in 10 CFR 490.702 or electricity when used as a motor
14 vehicle fuel and "incremental cost" shall mean the difference between

15 the purchase price of a vehicle which is exclusively powered by a clean
16 alternative fuel and the manufacturer's suggested retail price of a
17 comparably equipped vehicle which is not so powered.

18 Sec. 2. Subdivision (67) of section 12-412 of the general statutes is
19 repealed and the following is substituted in lieu thereof:

20 (67) Sales of and the storage, use or other consumption, prior to
21 January 1, 2002, of a new motor vehicle which is exclusively powered
22 by a clean alternative fuel. As used in this subsection and subsections
23 (68) and (69), "clean alternative fuel" shall mean natural gas, biodiesel
24 fuel, as defined in 10 CFR 490.702 or electricity when used as a motor
25 vehicle fuel or propane when used as a motor vehicle fuel if such a
26 vehicle meets the federal fleet emissions standards under the federal
27 Clean Air Act or any emissions standards adopted by the
28 Commissioner of Environmental Protection as part of the state's
29 implementation plan under said act.

TRA *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None-Significant

Affected Agencies: Department of Revenue Services

Municipal Impact: None

Explanation**State Impact:**

The impact would be none if it is assumed that a motor vehicle, which is exclusively powered by biodiesel fuel, means that the motor vehicle was designed or converted to burn biodiesel fuel exclusively. It is our understanding that any vehicle that can burn biodiesel fuel can also burn diesel fuel. Therefore no vehicles would qualify for the exemptions.

However, if purchasers of vehicles burning diesel fuel, claim they will only burn biodiesel, and claim the tax exemption, the impact could be very significant.

OLR BILL ANALYSIS

HB 6319

AN ACT CONCERNING BIODIESEL FUEL.**SUMMARY:**

This bill extends certain business tax credits and sales tax exemptions available for motor vehicles that run on clean alternative fuels to vehicles that run on biodiesel fuel. As with the current credits and exemptions for other alternate fuels, they are applicable for income years commencing, and purchases made prior to, January 1, 2002. Currently, compressed natural gas (CNG), liquefied petroleum gas (LPG), liquefied natural gas (LNG), and electricity are considered clean alternative fuels. Under the bill, biodiesel fuel is a diesel fuel substitute produced from nonpetroleum renewable sources that meets certain registration requirements for fuels and fuel additives specified in the federal Clean Air Act.

EFFECTIVE DATE: October 1, 2001

TAX CREDITS AND EXEMPTIONS FOR BIODIESEL FUELED VEHICLES

The law provides for a credit against the taxes due under the corporation business tax; and the gross earnings taxes applicable to air carriers and railroad, cable television, and utility companies. The credit equals 10% of the expenditures made for the incremental costs of purchasing vehicles exclusively powered by clean alternative fuels. The incremental cost is the difference between the vehicle's purchase price and the manufacturer's suggested retail price of a comparably equipped vehicle not powered by an alternative fuel.

The bill also provides credit against the corporation business tax for 50% of expenditures, other than incremental costs, made for purchasing and installing conversion equipment used to convert or installed for converting vehicles to either exclusive use of biodiesel fuel

or dual use of biodiesel and some other fuel. Other portions of the credit are specific with respect to expenditures for (1) constructing or improving any filling station to provide CNG, LPG, or LNG and (2) purchasing and installing equipment used in such a filling station or an electric recharging station. As a result the credit does not similarly apply to these types of expenditures for biodiesel fuel facilities.

Finally, the bill exempts a new vehicle powered exclusively by biodiesel fuel and conversion equipment associated with converting a vehicle to exclusive or dual use of biodiesel fuel from the state sales and use tax.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Report

Yea 28 Nay 0