



State of Utah

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Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF AIR QUALITY
Bryce C. Bird
Director

DAQ-018-15

MEMORANDUM

TO: Air Quality Board

THROUGH: Bryce C. Bird, Executive Secretary

FROM: Mat Carlile, Environmental Planning Consultant

DATE: April 21, 2015

SUBJECT: PROPOSE FOR PUBLIC COMMENT: Amend R307-121. General Requirements: Clean Air and Efficient Vehicle Tax Credit.

During the 2015 Utah legislative session, the Legislature passed Senate Bill 156 (SB 156), revising the statute governing the state's clean fuel tax credit. The bill provided for a new tax credit for qualifying electric motorcycles. Because R307-121 is the air quality rule that establishes criteria used to determine eligibility for a tax credit for qualifying vehicles, it needs to be revised to meet the requirements of SB 156.

As a result of SB 156, we are proposing the following amendments to R307-121:

- adding the definition of "Qualifying electric motorcycle" and
- adding requirements to demonstrate proof of purchase and lease for qualifying electric motorcycles under R307-121-4 and 6.

In addition, other technical changes were made throughout the rule to clarify requirements and help administer the clean fuel tax credit.

Staff Recommendation: Staff recommends the Board propose R307-121 for public comment.

1 **R307. Environmental Quality, Air Quality.**

2 **R307-121. General Requirements: Clean Air and Efficient Vehicle**
3 **Tax Credit.**

4 **R307-121-1. Authorization and Purpose.**

5 (1) This rule is authorized by Sections 59-7-605 and 59-10-1009.
6 These statutes establish criteria and definitions used to determine
7 eligibility for an income tax credit.

8 (2) R307-121 establishes procedures to provide proof of
9 purchase or lease, in accordance with 59-7-605(3)(b) or
10 59-10-1009(3)(b), to the director for an OEM vehicle, qualifying
11 electric motorcycle, or the conversion of a motor vehicle or special
12 mobile equipment for which an income tax credit is allowed under
13 Sections 59-7-605 or 59-10-1009.

14
15 **R307-121-2. Definitions.**

16 The following additional definitions apply to R307-121.

17 "Air quality standards" means air quality standards as defined
18 in Subsection 59-7-605(1)(a) and 59-10-1009(1)(a).

19 "Clean fuel" means clean fuel as defined in Subsection
20 19-1-402(1).

21 "Clean fuel vehicle" means clean fuel vehicle as defined in
22 Subsection 19-1-402(2).

23 "Conversion equipment" means a package that may include fuel,
24 ignition, emissions control, and engine components that are modified,
25 removed, or added to a motor vehicle or special mobile equipment to
26 make that motor vehicle or equipment eligible for the tax credit.

27 "Motor Vehicle" means a motor vehicle as defined in 41-1a-102.

28 "Original equipment manufacturer(OEM) vehicle" means original
29 equipment manufacturer(OEM) as defined in Subsection 19-1-402(8).

30 "Original purchase" means original purchase as defined in
31 Subsection 59-7-605(1)(g) and 59-10-1009(1)(g).

32 "Qualifying electric motorcycle" means qualifying electric
33 motorcycle as defined in 59-7-605(1)(h) or 59-10-1009(1)(h).

34 "Qualifying electric vehicle" means qualifying electric vehicle
35 as defined in 59-7-605(1)([h]i) or 59-10-1009(1)([h]i).

36 "Qualifying plug-in hybrid vehicle" means qualifying plug-in
37 hybrid vehicle as defined in 59-7-605(1)([h]j) or
38 59-10-1009(1)([h]j).

39 "Window Sticker" means the label required by United States Code
40 Title 15 Sections 1231 and 1232, as effective January 3, 2012.

41
42 **R307-121-3. Proof of Purchase to Demonstrate Eligibility for New**
43 **OEM Natural Gas, Propane, Qualifying Electric or Qualifying Plug-in**
44 **Hybrid Vehicles.**

45 To demonstrate that an OEM natural gas, propane, qualifying
46 electric, or qualifying plug-in hybrid motor vehicle is eligible for
47 the tax credit, proof of purchase shall be made in accordance with
48 59-7-605(3)(b) or 59-10-1009(3)(b), by submitting the following
49 documents to the director:

50 (1)(a) a copy of the motor vehicle's window sticker, which
51 includes its Vehicle Identification Number (VIN), or equivalent

1 manufacturer's documentation showing that the motor vehicle is an
2 OEM natural gas, propane, qualifying electric or qualifying plug-in
3 hybrid vehicle, or

4 (b) a signed statement by either an Automotive Service
5 Excellence (ASE)-certified technician or Canadian Standards
6 Association (CSA) America CNG Fuel System Inspector that includes
7 the VIN, the technician's ASE or CSA America certification number,
8 and states that the motor vehicle is an OEM natural gas, propane,
9 qualifying electric or qualifying plug-in hybrid vehicle;

10 (2) an original or copy of the purchase order, customer invoice,
11 or receipt that includes the name of the taxpayer seeking the credit,
12 the name of the seller of the motor vehicle, the VIN, purchase date,
13 and price of the motor vehicle;

14 (3) a copy of the current Utah vehicle registration in the name
15 of the taxpayer seeking the credit;

16 (4) an original or copy of the odometer disclosure statement
17 required in Utah Code Annotated Title 41 Chapter 1a Section 902 for
18 the motor vehicle that was acquired as an original purchase; and

19 (5) the underhood identification number or engine group of the
20 motor vehicle.

21
22 **R307-121-4. Proof of Purchase to Demonstrate Eligibility for New**
23 **Qualifying Electric Motorcycle.**

24 To demonstrate that a qualifying electric motorcycle is eligible
25 for the tax credit, proof of purchase shall be made in accordance
26 with 59-7-605(3)(b) or 59-10-1009(3)(b), by submitting the following
27 documents to the director:

28 (1)(a) a copy of the Manufacturer's Statement of Origin (MSO)
29 or equivalent manufacturer's documentation showing that the motor
30 vehicle is a qualifying electric motorcycle, or

31 (b) a signed statement by an Automotive Service Excellence
32 (ASE)-certified technician that includes the VIN, the technician's
33 ASE certification number, and states that the motorcycle is a
34 qualifying electric motorcycle;

35 (2) an original or copy of the purchase order, customer invoice,
36 or receipt that includes the name of the taxpayer seeking the credit,
37 the name of the seller of the motor vehicle, the VIN, purchase date,
38 and price of the motor vehicle;

39 (3) a copy of the current Utah vehicle registration in the name
40 of the taxpayer seeking the credit; and

41 (4) an original or copy of the odometer disclosure statement
42 required in Utah Code Annotated Title 41 Chapter 1a Section 902 for
43 the motor vehicle that was acquired as an original purchase.

44
45 **R307-121-[4]5. Proof of Lease to Demonstrate Eligibility for New**
46 **OEM Natural Gas, Propane, Qualifying Electric or Qualifying Plug-in**
47 **Hybrid Vehicles.**

48 To demonstrate that an OEM natural gas, propane, qualifying
49 electric or qualifying plug-in hybrid vehicle is eligible for the
50 tax credit, proof of lease shall be made in accordance with
51 59-7-605(3)(b) or 59-10-1009(3)(b), by submitting the following

1 documents to the director:

2 (1)(a) a copy of the motor vehicle's window sticker, which
3 includes its Vehicle Identification Number (VIN), or equivalent
4 manufacturer's documentation showing that the motor vehicle is an
5 OEM natural gas, propane, qualifying electric or qualifying plug-in
6 hybrid vehicle; or

7 (b) a signed statement by either an Automotive Service
8 Excellence (ASE)-certified technician or Canadian Standards
9 Association (CSA) America CNG Fuel System Inspector that includes
10 the VIN, the technician's ASE or CSA America certification number,
11 and states that the motor vehicle is an OEM natural gas, propane,
12 qualifying electric or qualifying plug-in hybrid vehicle;

13 (2) an original or copy of the lease agreement that includes
14 the name of the taxpayer seeking the credit, the name of the lessor
15 of the vehicle, the VIN, the beginning date of the lease, the value
16 of the vehicle at the beginning of the lease, and the value of the
17 vehicle at the end of the lease;

18 (3) a copy of the current Utah vehicle registration in the name
19 of the taxpayer seeking the credit;

20 (4) an original or copy of the odometer disclosure statement
21 required in Utah Code Annotated Title 41 Chapter 1a Section 902 for
22 the motor vehicle that was acquired as an original purchase; and

23 (5) the underhood identification number or engine group of the
24 motor vehicle.

25
26 **R307-121-6. Proof of Lease to Demonstrate Eligibility for Qualifying**
27 **Electric Motorcycle.**

28 To demonstrate that a qualifying electric motorcycle is eligible
29 for the tax credit, proof of lease shall be made in accordance with
30 59-7-605(3)(b) or 59-10-1009(3)(b), by submitting the following
31 documents to the director:

32 (1)(a) a copy of the Manufacturer's Statement of Origin (MSO)
33 or equivalent manufacturer's documentation showing that the motor
34 vehicle is a qualifying electric motorcycle, or

35 (b) a signed statement by an Automotive Service Excellence
36 (ASE)-certified technician that includes the VIN, the technician's
37 ASE certification number, and states that the motorcycle is a
38 qualifying electric motorcycle;

39 (2) an original or copy of the lease agreement that includes
40 the name of the taxpayer seeking the credit, the name of the lessor
41 of the vehicle, the VIN, the beginning date of the lease, the value
42 of the vehicle at the beginning of the lease, and the value of the
43 vehicle at the end of the lease;

44 (3) a copy of the current Utah vehicle registration in the name
45 of the taxpayer seeking the credit; and

46 (4) an original or copy of the odometer disclosure statement
47 required in Utah Code Annotated Title 41 Chapter 1a Section 902 for
48 the motor vehicle that was acquired as an original purchase.

49
50 **R307-121-[5]7. Proof of Purchase to Demonstrate Eligibility for**
51 **Motor Vehicles Converted to a Clean Fuel.**

1 To demonstrate that a conversion of a motor vehicle to be fueled
2 by a clean fuel is eligible for the tax credit, proof of purchase
3 shall be made, in accordance with 59-7-605(3)(b) or 59-10-1009(3)(b),
4 by submitting the following documentation to the director:

5 (1) an original or copy of the purchase order, customer invoice,
6 or receipt that includes the name of the taxpayer seeking the credit;
7 the name, address, and phone number of the person that converted the
8 motor vehicle to run on a clean fuel; the VIN; the date of conversion;
9 and the price of the conversion equipment installed on the motor
10 vehicle; ~~and~~

11 (2) a copy of the current Utah vehicle registration in the name
12 of the taxpayer seeking the credit~~[-]~~; and

13 (3) a signed statement by the person who converted the motor
14 vehicle certifying that the conversion does not tamper with,
15 circumvent, or otherwise affect the vehicle's on-board diagnostic
16 system, in accordance with 19-1-406(2).

17
18 **R307-121-[6]8. Proof of Purchase to Demonstrate Eligibility for**
19 **Special Mobile Equipment Converted to Clean Fuels.**

20 To demonstrate that a conversion of special mobile equipment
21 to be fueled by clean fuel is eligible for the tax credit, proof of
22 purchase shall be made, in accordance with 59-7-605(3)(b) or
23 59-10-1009(3)(b), by submitting the following documentation to the
24 director:

25 (1) a description, including serial number, of the special
26 mobile equipment for which credit is to be claimed; and

27 (2) an original or copy of the purchase order, customer invoice,
28 or receipt that includes the name of the taxpayer seeking the credit,
29 the serial number, the date of conversion, and the price of the
30 conversion equipment installed on the special mobile equipment.

31
32 **KEY: air pollution, alternative fuels, tax credits, motor vehicles**
33 **Date of Enactment or Last Substantive Amendment: [~~January 1,~~**
34 **2015]2015**

35 **Notice of Continuation: January 23, 2012**

36 **Authorizing, and Implemented or Interpreted Law: 19-2-104; 19-1-402;**
37 **59-7-605; 59-10-1009**