

HOUSE BILL NO. 219

INTRODUCED BY GILBERT, DOLEZAL, L. NELSON, RYAN, S. RICE,
TVEIT, NATHE, CLARK, VOGEL, BRUSKI-MAUS, MENAHAN,
DEBRUYCKER, FELAND, REHBEIN, GALVIN, SCHYE, BACHINI,
FORRESTER, J. JOHNSON

IN THE HOUSE

JANUARY 18, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 27, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 29, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
	ENGROSSING REPORT.
MARCH 30, 1993	THIRD READING, PASSED. AYES, 92; NOES, 6.
MARCH 31, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 6, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED.
APRIL 8, 1993	SECOND READING, CONCURRED IN AS AMENDED.
	ON MOTION, SEGREGATED FROM COMMITTEE OF WHOLE REPORT.
APRIL 12, 1993	SECOND READING, CONCURRED IN AS AMENDED.
APRIL 13, 1993	THIRD READING, CONCURRED IN. AYES, 41; NOES, 8.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 15, 1993

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 16, 1993

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 19, 1993

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 22, 1993

SECOND READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

THIRD READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 22, 1993

CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE HOUSE

APRIL 23, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *219* *W. Ryan*
 2 INTRODUCED BY *Dillard* *Calogian* *Nelson*
 3 *SRice* *Theriot* *APitt* *Chen* *Vogel* *Bush* *Murphy*
 4 *Menahan* *Rehmych* *Jan* *Flan* *Rosen* *Tate*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
 6 FOR CONVERSION OF A MOTOR VEHICLE TO ALTERNATIVE FUEL OR FOR
 7 INSTALLATION OF AN ALTERNATIVE FUEL REFUELING STATION; AND
 8 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
 9 APPLICABILITY DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Credit for alternative fuel
 12 motor vehicle conversion -- refueling stations. (1) An
 13 individual, a corporation, a partnership, or a small
 14 business corporation as defined in 15-31-201 is allowed a
 15 tax credit against taxes imposed by 15-30-103 or 15-31-101
 16 for equipment and labor costs incurred to convert a motor
 17 vehicle licensed in Montana to operate on alternative fuel
 18 or for equipment and labor costs incurred to install an
 19 alternative fuel refueling station in Montana.

20 (2) The maximum credit a taxpayer may claim in a year
 21 under this section may not exceed:

22 (a) \$3,000 for conversion of a motor vehicle with a
 23 gross weight of 10,000 pounds or less;

24 (b) \$5,000 for conversion of a motor vehicle with a
 25 gross vehicle weight over 10,000 pounds; and

1 (c) \$100,000 to install an alternative fuel refueling
 2 station.

3 (3) To qualify for a tax credit for installing an
 4 alternative fuel refueling station, the costs claimed must
 5 be incurred to purchase and install equipment used to store
 6 and dispense alternative fuel into the fuel tank or battery
 7 of a motor vehicle propelled by the alternative fuel. For
 8 alternative fuels other than electricity, the fuel must be
 9 stored at the same location where the fuel is delivered into
 10 the fuel tank of the motor vehicle. The equipment must be
 11 purchased, installed, and first used by the taxpayer. The
 12 cost of the equipment must be incurred in connection with
 13 either a business carried on by the taxpayer or a single
 14 home refueling station for the taxpayer's personal and
 15 family use.

16 (4) For the purposes of this section, "alternative
 17 fuel" means:

18 (a) natural gas;

19 (b) liquefied petroleum gas;

20 (c) liquefied natural gas;

21 (d) hydrogen;

22 (e) electricity; or

23 (f) any other fuel if at least 85% of the fuel is
 24 methanol, ethanol or other alcohol, ether, or any
 25 combination of them.

(5) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(b) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the conversion or installation is made, as determined by the taxpayer's accounting method.

NEW SECTION. Section 2. Small business corporation and partnership credit for alternative fuel conversion and refueling stations. If equipment and labor costs incurred to convert a motor vehicle to operate on alternative fuel or to install an alternative fuel refueling station are claimed as a credit under [section 1] by a small business corporation, as defined in 15-31-201, or a partnership, the credit must be attributed to shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the provisions of Title 15, chapter 31, part 1, apply to [section 2].

NEW SECTION. Section 4. Effective date -- retroactive

applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1992.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0219, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act Allowing a Tax Credit for Conversion of a Motor Vehicle to Alternative Fuel, or for Installation of an Alternative Fuel Refueling Station; and Providing an Immediate Effective Date and a Retroactive Applicability Date.


ASSUMPTIONS:

Refueling Facilities:

1. There are currently 7 compressed natural gas filling stations, open to the public by appointment, operating in Montana (Big Sandy, Billings, Butte, Bozeman, Glendive, Helena, and Missoula).
2. There are a number of additional propane (liquefied petroleum gas) refueling outlets in Montana.
3. Five additional compressed natural gas filling stations are planned for construction by the three natural gas utility companies (2 by the Montana Power Company and Montana-Dakota Utilities and 1 by the Great Falls Gas Co.).
4. The cost of constructing a compressed natural gas public refueling station is about \$140,000 (Source: Montana-Dakota Utilities)
5. All five planned compressed natural gas refueling stations will be built in FY 1994; an additional 3 stations will be built in FY 1995 by large non-utility companies.
6. No additional propane or other alternative fuels facilities will be built in FY 1994 or 1995.

Vehicle Conversion:

1. On the average it costs approximately \$2000 to convert a gasoline powered vehicle under 10,000 lbs. to optional compressed natural gas; it costs about \$750 to convert to propane (LPG) (Source: Department of Natural Resources and Conservation).
2. No vehicles weighing over 10,000 lbs. will be converted to alternative fuels.
3. No vehicles will be converted to liquefied natural gas, hydrogen, electricity, or 85% alcohol fuels.
4. Of the converted vehicles, all will be capable of also operating with gasoline.
5. There are about 300 natural gas and 300 propane vehicles currently operating in Montana.
6. Of the converted vehicles, 50% will be to natural gas, 50% will be to propane (LPG).
7. Using these percentages, the average conversion cost for the two alternative fuels is about \$1375.
8. Per this legislation, the tax credit is up to \$3000 for vehicles under 10,000 lbs., and is neither refundable nor can be carried over.
9. For tax year 1991, 47,793 taxpayers had a Montana individual income tax liability of \$1375 or more.
10. Based on the current stock of alternative fuel vehicles, and the history of participation of taxpayers using the residential non-fossil energy system credit, .4 percent of these taxpayers (191) will claim a credit in FY 1994, and 1.0 percent (478) in FY 1995.


DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

BOB GILBERT, PRIMARY SPONSOR DATE
Fiscal Note for HB0219, as introduced

HB 219

11. No taxpayer with less than \$1375 in tax liability will claim the credit.
12. One vehicle per taxpayer is assumed for those claiming the credit on their individual income tax form.
13. The two largest natural gas utilities will convert 110 vehicles to alternative fuels in both FY 1994 and 1995.
14. For FY 1992, 2,858 corporate taxpayers had a corporate license tax liability of over \$1375.
15. 10 percent of these corporate taxpayers (286) will claim a credit in both FY 1994 and 1995.
16. An average of two converted vehicles per corporate taxpayer (excluding utilities) is assumed.

FISCAL IMPACT:

Expenditures:

Department of Revenue:

Data Processing Division

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	49.60	49.95	.35	49.60	49.75	.15
Personal Services	\$ 1,515,949	\$1,537,389	\$21,440	\$ 1,520,006	\$1,522,856	\$2,850
Operating Expenses	146,395	146,395	0	143,406	143,406	0
Equipment	13,578	13,578	0	12,691	12,691	0
Total	\$ 1,675,922	\$1,697,362	\$21,440	\$ 1,676,103	\$1,678,953	\$2,850
General Fund	\$ 1,046,610	\$1,068,050	\$21,440	\$ 1,046,902	\$1,049,752	\$2,850
State Special	85,313	85,313	0	86,505	86,505	0
Federal	543,999	543,999	0	542,696	542,696	0
Total	\$ 1,675,922	\$1,697,362	\$21,440	\$ 1,676,103	\$1,678,953	\$2,850

Revenues:

Individual Income Tax	328,943,000	328,680,375	(262,625)	339,696,000	339,038,750	(657,250)
Corporation License Tax	64,850,000	63,412,250	(1,437,750)	66,804,000	65,566,250	(1,237,750)
Total	393,793,000	392,092,625	(1,700,375)	406,500,000	404,605,000	(1,895,000)

Individual Income Tax Funds:

General Fund	195,721,085	195,564,823	(156,262)	202,119,120	201,728,057	(391,063)
School Foundation	104,603,874	104,520,359	(83,515)	108,023,328	107,814,322	(209,006)
LRBF-Debt Service	28,618,041	28,595,193	(22,848)	29,553,552	29,496,371	(57,181)

Corporate License Tax Funds:

General Fund	36,180,000	35,377,879	(802,121)	36,235,000	35,563,644	(671,356)
School Foundation	15,902,000	15,549,449	(352,551)	16,929,000	16,615,354	(313,646)
LRBF-Debt Service	5,858,000	5,728,171	(129,829)	6,237,000	6,121,394	(115,606)

HB 219

Counties	6,910,000	6,756,808	(153,192)	7,403,000	7,265,857	(137,143)
----------	-----------	-----------	-----------	-----------	-----------	-----------

Fiscal Note Request, HB0219, as introduced
Form BD-15 page 3
(continued)

Net Impact:

	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
General Fund			(979,823)			(1,065,269)
School Foundation			(436,066)			(522,652)
LRRF-Debt Service			(152,677)			(194,324)
Total			(1,568,566)			(1,782,245)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Portion of Financial Corp. License Tax	(153,192)	(137,143)
--	-----------	-----------

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

One possible long-range effect of the proposed legislation would be an increase in air quality in some parts of the state.

TECHNICAL NOTES:

The participation of taxpayers, other than the natural gas utilities, is very difficult to estimate. Therefore, the revenue estimates in this note are subject to a potentially large error, either way.

HB 219

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 219

INTRODUCED BY GILBERT, DOLEZAL, L. NELSON, RYAN, S. RICE,
TVEIT, NATHE, CLARK, VOGEL, BRUSKI-MAUS, MENAHAN,
DEBRUYCKER, FELAND, REHBEIN, GALVIN, SCHYE, BACHINI,
FORRESTER, J. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
FOR CONVERSION OF A MOTOR VEHICLE TO ALTERNATIVE FUEL OR FOR
INSTALLATION OF AN ALTERNATIVE FUEL REFUELING STATION; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Credit for alternative fuel
motor vehicle conversion ----refueling--stations. (1) An
individual, a corporation, a partnership, or a small
business corporation as defined in 15-31-201 is allowed a
tax credit against taxes imposed by 15-30-103 or 15-31-101
for equipment and labor costs incurred to convert a motor
vehicle licensed in Montana to operate on alternative fuel
or--for--equipment--and--labor--costs--incurred--to--install--an
alternative-fuel-refueling-station-in-Montana.

(2) The maximum credit a taxpayer may claim in a year
under this section may not exceed:

(a) \$3,000 for conversion of a motor vehicle with a

gross weight of 10,000 pounds or less; OR

(b) \$5,000 for conversion of a motor vehicle with a
gross vehicle weight over 10,000 pounds; and

(c) --\$100,000--to--install--an--alternative--fuel--refueling
station.

(3) --To--qualify--for--a--tax--credit--for--installing--an
alternative--fuel--refueling--station,--the--costs--claimed--must
be--incurred--to--purchase--and--install--equipment--used--to--store
and--dispense--alternative--fuel--into--the--fuel--tank--or--battery
of--a--motor--vehicle--propelled--by--the--alternative--fuel. For
alternative--fuels--other--than--electricity,--the--fuel--must--be
stored--at--the--same--location--where--the--fuel--is--delivered--into
the--fuel--tank--of--the--motor--vehicle. The--equipment--must--be
purchased,--installed,--and--first--used--by--the--taxpayer. The
cost--of--the--equipment--must--be--incurred--in--connection--with
either--a--business--carried--on--by--the--taxpayer--or--a--single
home--refueling--station--for--the--taxpayer's--personal--and
family--use.

(4)(3) For the purposes of this section, "alternative
fuel" means:

(a) natural gas;

(b) liquefied petroleum gas;

(c) liquefied natural gas;

(d) hydrogen;

(e) electricity; or

(f) any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any combination of them.

(5)(4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(b) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the conversion or--installation is made, as determined by the taxpayer's accounting method.

NEW SECTION. Section 2. Small business corporation and partnership credit for alternative fuel conversion and refueling-stations. If equipment and labor costs incurred to convert a motor vehicle to operate on alternative fuel or-to install-an-alternative-fuel-refueling-station are claimed as a credit under [section 1] by a small business corporation, as defined in 15-31-201, or a partnership, the credit must be attributed to shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the

provisions of Title 15, chapter 31, part 1, apply to [section 2].

NEW SECTION. Section 4. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1992.

-End-

HOUSE BILL NO. 219

INTRODUCED BY GILBERT, DOLEZAL, L. NELSON, RYAN, S. RICE,
TVEIT, NATHE, CLARK, VOGEL, BRUSKI-MAUS, MENAHAN,
DEBRUYCKER, FELAND, REHBEIN, GALVIN, SCHYE, BACHINI,
FORRESTER, J. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
FOR CONVERSION OF A MOTOR VEHICLE TO ALTERNATIVE FUEL OR FOR
INSTALLATION OF AN ALTERNATIVE FUEL REFUELING STATION; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Credit for alternative fuel
motor vehicle conversion ----refueling--stations. (1) An
individual, a corporation, a partnership, or a small
business corporation as defined in 15-31-201 is allowed a
tax credit against taxes imposed by 15-30-103 or 15-31-101
for equipment and labor costs incurred to convert a motor
vehicle licensed in Montana to operate on alternative fuel
or--for--equipment--and--labor--costs--incurred--to--install--an
alternative-fuel-refueling-station-in-Montana.

(2) The maximum credit a taxpayer may claim in a year
under this section may not exceed:

(a) \$3,000 for conversion of a motor vehicle with a

gross weight of 10,000 pounds or less; OR

(b) \$5,000 for conversion of a motor vehicle with a
gross vehicle weight over 10,000 pounds;--and

(c)--\$100,000--to--install--an--alternative--fuel--refueling
station.

(3)--To--qualify--for--a--tax--credit--for--installing--an
alternative--fuel--refueling-station,--the--costs--claimed--must
be--incurred--to--purchase--and--install--equipment--used--to--store
and--dispense--alternative--fuel--into--the--fuel--tank--or--battery
of--a--motor--vehicle--propelled--by--the--alternative--fuel. For
alternative--fuels--other--than--electricity,--the--fuel--must--be
stored--at--the--same--location--where--the--fuel--is--delivered--into
the--fuel--tank--of--the--motor--vehicle. The--equipment--must--be
purchased,--installed,--and--first--used--by--the--taxpayer. The
cost--of--the--equipment--must--be--incurred--in--connection--with
either--a--business--carried--on--by--the--taxpayer--or--a--single
home--refueling--station--for--the--taxpayer's--personal--and
family--use.

(4)(3) For the purposes of this section, "alternative
fuel" means:

- (a) natural gas;
- (b) liquefied petroleum gas;
- (c) liquefied natural gas;
- (d) hydrogen;
- (e) electricity; or

(f) any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any combination of them.

(4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(b) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the conversion or--installation is made, as determined by the taxpayer's accounting method.

NEW SECTION. Section 2. Small business corporation and partnership credit for alternative fuel conversion and refueling-stations. If equipment and labor costs incurred to convert a motor vehicle to operate on alternative fuel or-to install-an-alternative-fuel-refueling-station are claimed as a credit under [section 1] by a small business corporation, as defined in 15-31-201, or a partnership, the credit must be attributed to shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the

provisions of Title 15, chapter 31, part 1, apply to [section 2].

NEW SECTION. Section 4. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1992.


-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 5, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 219 (third reading copy -- blue), respectfully report that House Bill No. 219 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Page 1, line 24.

Following: "section"

Insert: "is an amount equal to 50% of the equipment and labor costs incurred but the credit"

2. Page 1, line 25.

Strike: "\$3,000"

Insert: "\$1,000"

3. Page 2, line 2.

Strike: "\$5,000"

Insert: "\$2,500"

4. Page 2, line 25.

Strike: "or"

Following: line 25

Insert: "(f) any fuel that contains at least 20% vegetable oil, animal oil, or a derivative of vegetable oil or animal oil; or"

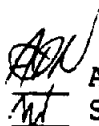
Renumber: subsequent subsection

-END-

SENATE

HB 219

761539SC.San



Amd. Coord.

Sec. of Senate

Doherty

Senator Carrying Bill

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 8, 1993 11:18 am

Mr. Chairman: I move to amend House Bill No. 219 (third reading copy -- blue).

ADOPT

REJECT

Signed: _____

Steve Doherty
Senator Steve Doherty

That such amendments read:

1. Page 1, line 15.

Following: "(1)"

Insert: "(a)"

Strike: "An"

Insert: "Except as provided in subsection (1)(b), an"

2. Page 1, line 23.

Following: line 22

Insert: "(b) A seller of alternative fuel may not receive a credit for converting its own vehicles to the alternative fuel that it sells."

-END-

SENATE

HB 219

r791118CW.Sma

K - Amd. Coord.

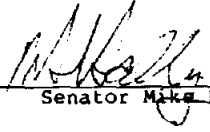
SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 12, 1993 10:30 am

Mr. Chairman: I move to amend House Bill No. 219 (third reading copy -- blue).

ADOPT

REJECT

Signed: 

Senator Mike Halvigan

That such amendments read:

Amend the Senate Taxation committee report on House Bill No. 219, dated April 5, 1993, as follows:

Amend amendment # 2, as follows:

Strike: the insert

Insert: "\$500"

Amend amendment # 3, as follows:

Strike: the insert

Insert: "\$1,000"

-END-


SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 12, 1993 11:14 am

Mr. Chairman: I move to amend House Bill No. 219 (third reading copy -- blue).

ADOPT

REJECT

Signed: 

Senator Steve Pherty

That such amendments read:

1. Page 1, line 15.

Following: "(1)"

Insert: "(a)"

Strike: "An"

Insert: "Except as provided in subsection (1)(b), an"

2. Page 1, line 23.

Following: line 22

Insert: "(b) A seller of alternative fuel may not receive a credit for converting its own vehicles to the alternative fuel that it sells."

-END-

SENATE

HB 219

r801030CW.Sma

m - Amd. Coord.

SENATE

HB 219

r801113CW.Sma

m - Amd. Coord.

HOUSE BILL NO. 219

INTRODUCED BY GILBERT, DOLEZAL, L. NELSON, RYAN, S. RICE,
TVEIT, NATHE, CLARK, VOGEL, BRUSKI-MAUS, MENAHAN,
DEBRUYCKER, FELAND, REHBEIN, GALVIN, SCHYE, BACHINI,
FORRESTER, J. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
FOR CONVERSION OF A MOTOR VEHICLE TO ALTERNATIVE FUEL OR FOR
INSTALLATION--OF--AN--ALTERNATIVE--FUEL--REFUELING--STATION; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Credit for alternative fuel
motor vehicle conversion ---refueling-stations. (1) (A) An
EXCEPT AS PROVIDED IN SUBSECTION (1)(B), AN individual, a
corporation, a partnership, or a small business corporation
as defined in 15-31-201 is allowed a tax credit against
taxes imposed by 15-30-103 or 15-31-101 for equipment and
labor costs incurred to convert a motor vehicle licensed in
Montana to operate on alternative fuel or for equipment and
labor--costs--incurred--to--install--an--alternative--fuel
refueling-station-in-Montana.

(B) A SELLER OF ALTERNATIVE FUEL MAY NOT RECEIVE A
CREDIT FOR CONVERTING ITS OWN VEHICLES TO THE ALTERNATIVE

FUEL THAT IT SELLS.

(2) The maximum credit a taxpayer may claim in a year
under this section IS AN AMOUNT EQUAL TO 50% OF THE
EQUIPMENT AND LABOR COSTS INCURRED BUT THE CREDIT may not
exceed:

(a) ~~\$37,000~~ ~~\$17,000~~ \$500 for conversion of a motor
vehicle with a gross weight of 10,000 pounds or less; OR

(b) ~~\$57,000~~ ~~\$27,500~~ \$1,000 for conversion of a motor
vehicle with a gross vehicle weight over 10,000 pounds; and

(c) ~~\$100,000--to--install--an--alternative--fuel--refueling~~
~~station.~~

(3) ~~To qualify for a tax credit for installing an~~
~~alternative fuel refueling station, the costs claimed must~~
~~be incurred to purchase and install equipment used to store~~
~~and dispense alternative fuel into the fuel tank or battery~~
~~of a motor vehicle propelled by the alternative fuel. For~~
~~alternative fuels other than electricity, the fuel must be~~
~~stored at the same location where the fuel is delivered into~~
~~the fuel tank of the motor vehicle. The equipment must be~~
~~purchased, installed, and first used by the taxpayer. The~~
~~cost of the equipment must be incurred in connection with~~
~~either a business carried on by the taxpayer or a single~~
~~home refueling station for the taxpayer's personal and~~
~~family use.~~

(4) (3) For the purposes of this section, "alternative

1 fuel" means:

2 (a) natural gas;

3 (b) liquefied petroleum gas;

4 (c) liquefied natural gas;

5 (d) hydrogen;

6 (e) electricity; or

7 (F) ANY FUEL THAT CONTAINS AT LEAST 20% VEGETABLE OIL,
 8 ANIMAL OIL, OR A DERIVATIVE OF VEGETABLE OIL OR ANIMAL OIL;
 9 OR

10 ~~(f)~~(G) any other fuel if at least 85% of the fuel is
 11 methanol, ethanol or other alcohol, ether, or any
 12 combination of them.

13 ~~(5)~~(4) (a) The credit allowed under this section may
 14 not exceed the taxpayer's income tax liability.

15 (b) There is no carryback or carryforward of the credit
 16 permitted under this section, and the credit must be applied
 17 in the year the conversion ~~or--installation~~ is made, as
 18 determined by the taxpayer's accounting method.

19 NEW SECTION. Section 2. Small business corporation and
 20 partnership credit for alternative fuel conversion and
 21 refueling-stations. If equipment and labor costs incurred to
 22 convert a motor vehicle to operate on alternative fuel or-to
 23 install-an-alternative-fuel-refueling-station are claimed as
 24 a credit under [section 1] by a small business corporation,
 25 as defined in 15-31-201, or a partnership, the credit must

1 be attributed to shareholders or partners using the same
 2 proportion used to report the corporation's or partnership's
 3 income or loss for Montana income tax purposes.

4 NEW SECTION. Section 3. Codification instruction. (1)
 5 [Section 1] is intended to be codified as an integral part
 6 of Title 15, chapter 30, part 1, and the provisions of Title
 7 15, chapter 30, part 1, apply to [section 1].

8 (2) [Section 2] is intended to be codified as an
 9 integral part of Title 15, chapter 31, part 1, and the
 10 provisions of Title 15, chapter 31, part 1, apply to
 11 [section 2].

12 NEW SECTION. Section 4. Effective date -- retroactive
 13 applicability. [This act] is effective on passage and
 14 approval and applies retroactively, within the meaning of
 15 1-2-109, to tax years beginning after December 31, 1992.

-End-

Conference Committee
on House Bill 219
Report No.1, April 21, 1993

Page 1 of 1

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 219 met and considered :

1. Senate Taxation Committee amendments dated April 5, 1993
2. Senate Committee of the Whole amendment of Sen. Doherty dated April 8, 1993

and recommend that House Bill 219 (reference copy -- salmon) be amended as follows:

1. Page 3, line 6.

Following: "or"

Insert: "or"

2. Page 3, lines 7 through 9.

Strike: subsection (F) in its entirety

Renumber: subsequent subsection

Further, that this Conference Committee report be adopted.

For the House:



Rep. Gilbert, Chair



Rep. Deland

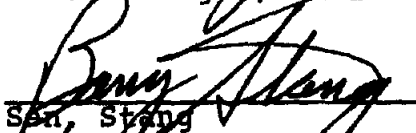


Rep. S. Rice

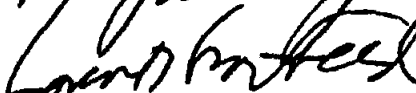
For the Senate:



Sen. Halligan, Chair



Sen. Stang



Sen. Grosfield

ADOPT

CCR #1
HB 219

HOUSE BILL NO. 219

INTRODUCED BY GILBERT, DOLEZAL, L. NELSON, RYAN, S. RICE,
TVEIT, NATHE, CLARK, VOGEL, BRUSKI-MAUS, MENAHAN,
DEBRUYCKER, FELAND, REHBEIN, GALVIN, SCHYE, BACHINI,
FORRESTER, J. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
FOR CONVERSION OF A MOTOR VEHICLE TO ALTERNATIVE FUEL OR FOR
INSTALLATION--OF--AN-ALTERNATIVE-FUEL-REFUELING-STATION; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Credit for alternative fuel
motor vehicle conversion ---refueling-stations. (1) (A) An
EXCEPT AS PROVIDED IN SUBSECTION (1)(B), AN individual, a
corporation, a partnership, or a small business corporation
as defined in 15-31-201 is allowed a tax credit against
taxes imposed by 15-30-103 or 15-31-101 for equipment and
labor costs incurred to convert a motor vehicle licensed in
Montana to operate on alternative fuel or-for-equipment-and
labor--costs--incurred--to--install--an--alternative--fuel
refueling-station-in-Montana.

(B) A SELLER OF ALTERNATIVE FUEL MAY NOT RECEIVE A
CREDIT FOR CONVERTING ITS OWN VEHICLES TO THE ALTERNATIVE

FUEL THAT IT SELLS.

(2) The maximum credit a taxpayer may claim in a year
under this section IS AN AMOUNT EQUAL TO 50% OF THE
EQUIPMENT AND LABOR COSTS INCURRED BUT THE CREDIT may not
exceed:

(a) ~~\$3,000~~ \$1,000 \$500 for conversion of a motor
vehicle with a gross weight of 10,000 pounds or less; OR

(b) ~~\$5,000~~ \$2,500 \$1,000 for conversion of a motor
vehicle with a gross vehicle weight over 10,000 pounds; and

(c) ~~\$100,000~~ to install an alternative fuel refueling
station.

(3) To qualify for a tax credit for installing an
alternative fuel refueling station, the costs claimed must
be incurred to purchase and install equipment used to store
and dispense alternative fuel into the fuel tank or battery
of a motor vehicle propelled by the alternative fuel. For
alternative fuels other than electricity, the fuel must be
stored at the same location where the fuel is delivered into
the fuel tank of the motor vehicle. The equipment must be
purchased, installed, and first used by the taxpayer. The
cost of the equipment must be incurred in connection with
either a business carried on by the taxpayer or a single
home refueling station for the taxpayer's personal and
family use.

(4) (3) For the purposes of this section, "alternative

fuel" means:

- (a) natural gas;
- (b) liquefied petroleum gas;
- (c) liquefied natural gas;
- (d) hydrogen;
- (e) electricity; or OR

~~(F) -- ANY FUEL THAT CONTAINS AT LEAST 20% VEGETABLE OIL,~~
~~ANIMAL OIL, OR A DERIVATIVE OF VEGETABLE OIL OR ANIMAL OIL,~~
OR

~~(F)~~ any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any combination of them.

~~(5)~~(4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

(b) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the conversion or installation is made, as determined by the taxpayer's accounting method.

NEW SECTION. Section 2. Small business corporation and partnership credit for alternative fuel conversion and refueling stations. If equipment and labor costs incurred to convert a motor vehicle to operate on alternative fuel or to install an alternative fuel refueling station are claimed as a credit under [section 1] by a small business corporation, as defined in 15-31-201, or a partnership, the credit must

be attributed to shareholders or partners using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the provisions of Title 15, chapter 31, part 1, apply to [section 2].

NEW SECTION. Section 4. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1992.

-End-