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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2888

03/10/2014 Authored by Howe, Metsa and Garofalo
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income and corporate franchise; providing a
1.3 credit for natural gas vehicles and home fueling systems; appropriating money;
1.4 proposing coding for new law in Minnesota Statutes, chapter 290.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [290.0693] NATURAL GAS VEHICLE AND FUELING SYSTEM
1.7 CREDIT.

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms
1.9 have the meanings given.

1.10 (b) "Home fueling system" means a system intended for use in the taxpayer's
1.11 residence or place of business for the purpose of fueling natural gas vehicles.

1.12 (c) "Incremental cost" means the difference between the cost of a natural gas vehicle
1.13 and the cost of the same or similar motor vehicle, manufactured to operate exclusively
1.14 on gasoline or diesel fuel.

1.15 (d) "Natural gas vehicle" means a motor vehicle capable of using compressed
1.16 natural gas or liquefied natural gas as a motor fuel, including but not limited to a flexible
1.17 fuel vehicle.

1.18 Subd. 2. Credit allowed. (a) A taxpayer who purchases a natural gas vehicle,
1.19 converts a conventional vehicle to use natural gas, or installs a home fueling system
1.20 during the taxable year is eligible for a credit against the tax due under this chapter. The
1.21 maximum credit is \$8,000. The following expenses are eligible for the credit:

1.22 (1) the incremental cost of a natural gas vehicle purchased by the taxpayer;

1.23 (2) the amount paid by the taxpayer to convert a conventional vehicle to a natural
1.24 gas vehicle; and

2.1 (3) the cost of a home fueling system, including installation costs.

2.2 (b) Credits granted to a partnership, a limited liability company taxed as a
2.3 partnership, S corporation, or multiple owners of property are passed through to the
2.4 partners, members, shareholders, or owners, respectively, pro rata to each partner, member,
2.5 shareholder, or owner based on the respective share of the entity's assets or as specially
2.6 allocated in the organizational documents or any other executed agreement, as of the last
2.7 day of the taxable year.

2.8 (c) For a nonresident or part-year resident, the credit must be allocated based on the
2.9 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.10 Subd. 3. **Credit refundable; appropriation.** (a) If the credit allowed under this
2.11 section exceeds the individual's liability under this chapter, the commissioner shall refund
2.12 the excess to the taxpayer.

2.13 (b) An amount sufficient to pay the refunds required by this section is appropriated
2.14 from the general fund to the commissioner.

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.16 December 31, 2013.