A bill for an act

relating to taxation; income taxes; providing an income tax credit for the purchase of an alternative fuel vehicle; appropriating money; amending Minnesota Statutes 2006, section 290.06, by adding a subdivision.

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

Section 1. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision to read:

Subd. 34. **Alternative fuel vehicle credit.** (a) A credit is allowed against the tax due under this chapter for an amount equal to $1,000 or ten percent of the purchase price, whichever is greater, for the purchase of an alternative fuel vehicle, as defined in section 216C.01, subdivision 1.

(b) If the amount of credit which the taxpayer is eligible to receive under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the excess to the taxpayer.

(c) The amount necessary to pay claims for the refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2006.