

SENATE No. 01471

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas P. Kennedy

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act providing incentives for the purchase and use of alternative fuel vehicles.

PETITION OF:

NAME:

Thomas P. Kennedy

DISTRICT/ADDRESS:

Second Plymouth and Bristol

SENATE No. 01471

By Mr. Kennedy, petition (accompanied by bill, Senate, No. 1471) of Kennedy for legislation to provide incentives for the purchase and use of alternative fuel vehicles [Joint Committee on Revenue].

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ SENATE
□ , NO. 1289 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act providing incentives for the purchase and use of alternative fuel vehicles.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 22A of chapter 40 of the General Laws is hereby amended by
2 adding the following paragraph:—

3 Any city or town acting under this section with respect to ways under its control, or under
4 the authority granted under chapter forty A with respect to zoning, may further regulate the
5 parking of vehicles by restricting certain areas or requiring that certain areas be restricted for the
6 parking of any vehicle bearing a distinctive plate, decal, or emblem identifying such vehicle as a
7 reduced emissions vehicle, as defined by section one of chapter ninety. Any such ordinance,
8 bylaw, order, rule, or regulation promulgated pursuant to the provisions of this paragraph shall

9 contain a penalty of not less than fifteen dollars or not more than fifty dollars and may provide
10 for the removal of a vehicle in accordance with the provisions of section twenty-two D.

11 SECTION 2. Section 6 of chapter 62 of the General Laws is hereby amended by adding
12 the following subsection:—

13 (h)(1) A credit shall be allowed against the tax imposed by this chapter in an amount
14 equal to fifty percent of the incremental cost of purchasing an alternative fuel vehicle and fifty
15 percent of the cost of converting a petroleum fueled motor vehicle to an alternative fuel vehicle.

16 For an originally equipped alternative fuel vehicle, the credit allowed shall be claimed in the first
17 taxable year in which the vehicle is registered.

18 For a motor vehicle which has been converted to an alternative fuel vehicle, the credit
19 allowed shall be claimed in the first taxable year in which such conversion occurs. Conversion
20 costs eligible for such credit shall include the cost of purchasing conversion equipment necessary
21 to convert a motor vehicle to an alternative fuel vehicle and the labor costs associated with
22 installing such conversion equipment.

23 A credit also shall be allowed against the tax imposed by this chapter in an amount equal
24 to fifty percent of the cost of constructing any facility in Massachusetts, available to the public,
25 for fueling alternative fuel vehicles. Such facility shall be available to the public if feasible.
26 Facility costs eligible for a credit under this paragraph include the cost of purchasing fueling
27 equipment, charging equipment and other materials necessary for the facility to fuel alternative
28 fuel vehicles and the labor costs associated with constructing the facility and installing such
29 equipment. This credit shall be claimed in the first taxable year in which the facility becomes
30 operational.

31 As used in this subsection, the following words and phrases shall have the following
32 meanings:— “Alternative fuel”, methanol, denatured ethanol, and other alcohols; mixtures
33 containing 85 percent or more by volume of methanol, denatured ethanol, and other alcohols
34 with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid
35 fuels; fuels (other than alcohol) derived from biological materials; electricity (including
36 electricity from solar energy); and any other fuel that the department of environmental protection
37 determines is substantially not petroleum.

38 “Alternative fuel vehicle”, a motor vehicle, as defined at Massachusetts General Laws
39 chapter ninety, section one, which: (1) operates exclusively on an alternative fuel; (2) meets
40 applicable state and federal safety and emission standards; and (3) is registered in Massachusetts
41 on the last day of the taxable year in which the credit pursuant to this subsection is claimed. In
42 addition, for an alternative fuel vehicle less than 6,000 pounds gross vehicle weight rating, the
43 alternative fuel vehicle shall meet ultra-low emission vehicle standards for total vehicle
44 emissions. And for an alternative fuel vehicle equal to or greater than 6,000 gross vehicle weight
45 rating, the alternative fuel vehicle shall meet federal emission standards for a new comparable
46 vehicle.

47 “Comparable conventionally-fueled motor vehicle” or “comparable vehicle”, a motor
48 vehicle which is (1) commercially available at the time the comparability of the vehicle is being
49 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;
50 and (3) provides passenger capacity or payload capacity the same or similar to the alternative
51 fuel vehicle to which it is being compared.

52 “Facility”, any structure, equipment, apparatus, wires or piping used with dispensing or
53 charging equipment necessary to dispense an alternative fuel.

54 “Incremental cost”, the difference between the manufacturer’s suggested retail price of an
55 alternative fuel vehicle and of a comparable conventionally-fueled motor vehicle.

56 (2) Credits allowed under this subsection shall be taken only for alternative fuel vehicles
57 purchased in excess of state and federal requirements.

58 (3) The allowable credits under this subsection shall not exceed the total tax liability under this
59 chapter before any other credits are taken into account.

60 (4) In any year in which the credit described in this subsection exceeds the total tax liability
61 under this chapter before any other credits are taken into account, the unused credit may be
62 carried forward and used against the tax liability for one or more of the succeeding five tax
63 periods.

64 (5) The credit allowed herein shall apply to taxes due for taxable periods beginning on or after
65 January 1, 1996 and ending on or before December 31, 2002. Such credits, except for unused
66 amounts of credits carried forward pursuant to subpart (4), shall not apply after taxable periods
67 beginning on or after January 1, 2003.

68 (6) The commissioner of the department of revenue, in consultation with the commissioners of
69 the department of environmental protection and the division of energy resources, shall
70 promulgate rules and regulations necessary to implement the provisions of this subsection.

71 SECTION 3. Chapter 63 of the General Laws is hereby amended by adding the following
72 section:—

73 Section 38P. (1) A credit shall be allowed against the tax imposed by this chapter in an
74 amount equal to fifty percent of the incremental cost of purchasing an alternative fuel vehicle
75 and fifty percent of the cost of converting a petroleum fueled motor vehicle to an alternative fuel
76 vehicle.

77 For an originally equipped alternative fuel vehicle, the credit allowed shall be claimed in
78 the first taxable year in which the vehicle is registered.

79 For a motor vehicle which has been converted to an alternative fuel vehicle, the credit
80 allowed shall be claimed in the first taxable year in which such conversion occurs. Conversion
81 costs eligible for such credit shall include the cost of purchasing conversion equipment necessary
82 to convert a motor vehicle to an alternative fuel vehicle and the labor costs associated with
83 installing such conversion equipment.

84 A credit also shall be allowed against the tax imposed by this chapter in an amount equal
85 to fifty percent of the cost of constructing any facility in Massachusetts, available to the public,
86 for fueling alternative fuel vehicles. Such facility shall be available to the public if feasible.
87 Facility costs eligible for a credit under this paragraph include the cost of purchasing fueling
88 equipment, charging equipment and other materials necessary for the facility to fuel alternative
89 fuel vehicles and the labor costs associated with constructing the facility and installing such
90 equipment. This credit shall be claimed in the first taxable year in which the facility becomes
91 operational.

92 As used in this section, the following words and phrases shall have the following
93 meanings:—

94 “Alternative fuel”, methanol, denatured ethanol, and other alcohols; mixtures containing
95 85 percent or more by volume of methanol, denatured ethanol, and other alcohols with gasoline
96 or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels
97 (other than alcohol) derived from biological materials; electricity (including electricity from
98 solar energy); and any other fuel that the department of environmental protection determines is
99 substantially not petroleum.

100 “Alternative fuel vehicle”, a motor vehicle, as defined at Massachusetts General Laws
101 chapter ninety, section one, which: (1) operates exclusively on an alternative fuel; (2) meets
102 applicable state and federal safety and emission standards; and (3) is registered in Massachusetts
103 on the last day of the taxable year in which the credit pursuant to this section is claimed. In
104 addition, for an alternative fuel vehicle less than 6,000 pounds gross vehicle weight rating, the
105 alternative fuel vehicle shall meet ultra-low emission vehicle standards for total vehicle
106 emissions. And for an alternative fuel vehicle equal to or greater than 6,000 gross vehicle weight
107 rating, the alternative fuel vehicle shall meet federal emission standards for a new comparable
108 vehicle.

109 “Comparable conventionally-fueled motor vehicle” or “comparable vehicle”, a motor
110 vehicle which is (1) commercially available at the time the comparability of the vehicle is being
111 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;
112 and (3) provides passenger capacity or payload capacity the same or similar to the alternative
113 fuel vehicle to which it is being compared.

114 “Facility”, any structure, equipment, apparatus, wires or piping used with dispensing or
115 charging equipment necessary to dispense an alternative fuel.

116 “Incremental cost”, the difference between the manufacturer’s suggested retail price of an
117 alternative fuel vehicle and of a comparable conventionally-fueled motor vehicle.

118 (2) Credits allowed under this section shall be taken only for alternative fuel vehicles purchased
119 in excess of state and federal requirements.

120 (3) The allowable credits under this section shall not exceed the total tax liability under this
121 chapter before any other credits are taken into account.

122 (4) In any year in which the credit described in this section exceeds the total tax liability under
123 this chapter before any other credits are taken into account, the unused credit may be carried
124 forward and used against the tax liability for one or more of the succeeding five tax periods.

125 (5) The credit allowed herein shall apply to taxes due for taxable periods beginning on or after
126 January 1, 1996 and ending on or before December 31, 2002. Such credits, except for unused
127 amounts of credits carried forward pursuant to subpart (4), shall not apply after taxable periods
128 beginning on or after January 1, 2003.

129 (6) If a corporation is subject to a minimum excise under any provision of this chapter, the
130 amount of the credit allowed by this section shall not reduce the excise to an amount less than the
131 minimum excise;

132 (7) The credit allowed under this section shall be subject to the provisions of section thirty-two C
133 of this chapter.

134 (8) Any corporation entitled to a credit pursuant to this section for any taxable year shall apply
135 such credit only to its excise for any of the eligible taxable years. Such credit may not be applied

136 against the excise liability of any other corporation pursuant to an election under the provisions
137 of section thirty-two B.

138 The commissioner of the department of revenue, in consultation with the commissioners
139 of the department of environmental protection and the division of energy resources, shall
140 promulgate rules and regulations necessary to implement the provisions of this section.

141 SECTION 4. Section 4 of chapter 64E of the General Laws, as appearing in the 1994
142 Official Edition, is hereby amended by adding the following two sentences:— No person shall
143 pay an excise pursuant to this chapter, for alternative fuel, when the alternative fuel is dispensed
144 into an alternative fuel vehicle; provided, however, that the exemption provided in this sentence
145 shall not apply to any such sales made after December 31, 2002. The terms “alternative fuel,”
146 and “alternative fuel vehicle” shall have the meanings as set forth at section six of chapter sixty-
147 two.

148 SECTION 5. Section 3 of chapter 64F of the General Laws, as appearing in the 1994
149 Official Edition, is hereby amended by inserting after the word “sixty-four A”, in line 9, the
150 following:— ; provided, however, that no person shall pay an excise pursuant to this chapter for
151 the privilege of using the highways of the commonwealth while operating an alternative fuel
152 vehicle; provided further that the exemption provided in this sentence shall not apply to any such
153 sales made after December 31, 2002. The term “alternative fuel vehicle” shall have the meaning
154 as set forth at section six of chapter sixty-two.

155 SECTION 6. Section 6 of chapter 64H of the General Laws is hereby amended by adding
156 the following two paragraphs:— (rr) sales of equipment, parts and materials used directly
157 and exclusively for converting a conventionally fueled motor vehicle to an alternative fuel

158 vehicle; and sales of any alternative fuel vehicle, to the extent its manufacturer's suggested retail
159 price exceeds the manufacturer's suggested retail price of a comparable conventionally fueled
160 motor vehicle. The exemption provided in this paragraph shall not apply to any such sales made
161 after December 31, 2002. As used in this paragraph and paragraph (ss), the terms "alternative
162 fuel," "alternative fuel vehicle," "comparable conventionally fueled motor vehicle," shall have
163 the meanings as set forth at section six of chapter sixty-two.

164 (ss) Sales of equipment, parts and materials used directly and exclusively to dispense
165 alternative fuel into alternative fuel vehicles. The exemption provided in this paragraph shall not
166 apply to any such sales made after December 31, 2002.

167 SECTION 7. Section 1 of chapter 90 of the General Laws is hereby amended by inserting
168 after the definition of "Police officer", as appearing in the 1994 Official Edition, the following
169 definition:— "Reduced Emissions Vehicle", an ultra-low emissions vehicle or a zero emissions
170 vehicle, in each case as so defined by the department of environmental protection pursuant to the
171 provisions of section one hundred and forty-two K of chapter one hundred and eleven.

172 SECTION 8. Section 2 of said chapter 90, as so appearing, is hereby amended by adding
173 the following paragraph:—

174 The registrar shall furnish to owners of reduced emissions vehicles upon application and
175 upon presentation of evidence deemed satisfactory by the registrar, a distinctive license plate
176 bearing on the left side the letters "REV" and an adhesive emblem bearing the letters "REV" to
177 be affixed to the vehicle identifying the vehicle as a reduced emissions vehicle. There shall be no
178 additional fee for said plates or adhesive emblems.

179 SECTION 9. Chapter 164 of the General Laws, as appearing in the 1994 Official Edition,
180 is hereby amended by adding, after section 94, the following section:—

181 Section 94½. Notwithstanding the provisions of chapter one hundred sixty-four, section
182 ninety-four or any other special or general law to the contrary, the rates and terms for the sale of
183 alternative fuels for motor vehicle use shall not be subject to regulation by the department of
184 public utilities; provided, however, that any gas or electric company which is otherwise regulated
185 pursuant to this chapter and sells alternative fuels for motor vehicle use, shall keep separate
186 records, books, and accounts of such unregulated sales sufficient to allow the department of
187 public utilities to allocate costs and revenues; and further provided that such gas or electric
188 company's sale of alternative fuel for use in motor vehicles and its investment in related
189 infrastructure shall not affect the quality of service or increase the cost of alternative fuel to said
190 company's customers who purchase alternative fuel for use other than motor vehicle use. For the
191 purposes of this section, "alternative fuel" shall have the same meaning as set forth at section six
192 of chapter sixty-two.