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HOUSE BILL 718

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

ROBERT A. PERLS

AN ACT

RELATING TO TAXATION; PROVIDING AN ALTERNATIVE FUEL TAX CREDIT;  
ENACTING SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME  
AND FRANCHISE TAX ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted  
to read:

"~~[NEW MATERIAL]~~ ALTERNATIVE FUEL- POWERED VEHICLE PURCHASE  
AND CONVERSION-- INCOME TAX CREDIT. --

A. To encourage the use of fuel-efficient motor  
vehicles, a taxpayer who files an individual New Mexico income  
tax return, who is not a dependent of another individual and who  
has purchased an alternative fuel vehicle or converted a vehicle  
to use an alternative fuel during the taxable year may claim a  
credit in an amount equal to one-half of the cost of conversion

Underscored material = new  
[bracketed material] = delete

1 of that vehicle or one-half of the difference in cost between  
2 the alternative fuel vehicle and a conventional fuel version of  
3 the same vehicle, not to exceed five thousand dollars (\$5,000).

4 B. A husband and wife who file separate returns for  
5 a taxable year in which they could have filed a joint return may  
6 each claim only one-half of the credit that would have been  
7 allowed on a joint return.

8 C. A taxpayer who otherwise qualifies and claims a  
9 credit on an alternative fuel vehicle owned by a partnership or  
10 other business association of which the taxpayer is a member may  
11 claim a credit only in proportion to his interest in the  
12 partnership or association. The total credit claimed by all  
13 members of the partnership or association shall not exceed five  
14 thousand dollars (\$5,000) in the aggregate for any single  
15 vehicle purchase or conversion.

16 D. The credit provided by this section may only be  
17 deducted from the taxpayer's income tax liability. Any portion  
18 of the tax credit provided by this section that remains unused  
19 at the end of the taxpayer's taxable year may be carried forward  
20 for three consecutive taxable years; provided, the total tax  
21 credit claimed under this section shall not exceed five thousand  
22 dollars (\$5,000) for any single motor vehicle purchase or  
23 conversion.

24 E. As used in this section:

25 (1) "alternative fuel" means natural gas,

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[bracketed material] = delete

1 liquefied petroleum gas, electricity, hydrogen or a fuel mixture  
2 containing not less than eighty-five percent ethanol or  
3 methanol;

4 (2) "conventional fuel" means gasoline or  
5 diesel fuel; and

6 (3) "vehicle" means a passenger car or light,  
7 medium or heavy duty truck. "

8 Section 2. A new section of the Corporate Income and  
9 Franchise Tax Act is enacted to read:

10 "[NEW MATERIAL] ALTERNATIVE FUEL VEHICLE PURCHASE AND  
11 CONVERSION-- CORPORATE INCOME TAX CREDIT. --

12 A. To encourage the use of fuel-efficient vehicles,  
13 a taxpayer who files a corporate income tax return and who has  
14 purchased an alternative fuel vehicle or converted a vehicle to  
15 use an alternative fuel during the taxable year may claim a  
16 credit in an amount equal to one-half of the cost of conversion  
17 of that vehicle or one-half of the difference in cost between  
18 the alternative fuel vehicle and a conventional fuel version of  
19 the same vehicle, not to exceed five thousand dollars (\$5,000).

20 B. A taxpayer who otherwise qualifies and claims a  
21 credit on an alternative fuel vehicle owned by a partnership or  
22 other business association of which the taxpayer is a member may  
23 claim a credit only in proportion to his interest in the  
24 partnership or association. The total credit claimed by all  
25 members of the partnership or association shall not exceed five

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1 thousand dollars (\$5,000) in the aggregate for any single motor  
2 vehicle purchase or conversion.

3 C. The credit provided by this section may only be  
4 deducted from the taxpayer's corporate income tax liability.  
5 Any portion of the tax credit provided by this section that  
6 remains unused at the end of the taxpayer's taxable year may be  
7 carried forward for three consecutive taxable years; provided,  
8 the total tax credit claimed under this section shall not exceed  
9 five thousand dollars (\$5,000) for any single vehicle purchase  
10 or conversion.

11 E. As used in this section:

12 (1) "alternative fuel" means natural gas,  
13 liquefied petroleum gas, electricity, hydrogen or a fuel mixture  
14 containing not less than eighty-five percent ethanol or  
15 methanol;

16 (2) "conventional fuel" means gasoline or  
17 diesel fuel; and

18 (3) "vehicle" means a passenger car or light,  
19 medium or heavy duty truck. "

20 Section 3. APPLICABILITY. --The provisions of this act  
21 apply to taxable years beginning on or after January 1, 1996.

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