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HOUSE BILL 282

49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010

INTRODUCED BY

Ben Lujan

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX CREDITS TO ENCOURAGE
CONVERSION OF VEHICLES TO THE USE OF NATURAL GAS AND TO
ENCOURAGE RETAIL BUSINESSES SELLING GASOLINE TO EXPAND INTO
DISPENSING NATURAL GAS FOR VEHICLE FUEL.

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] CREDIT--VEHICLE CONVERSION TO NATURAL
GAS.--

A. A taxpayer who files an individual New Mexico
income tax return for a taxable year beginning on or after
January 1, 2010, who is not a dependent of another taxpayer and
who converts a motor vehicle from use of gasoline as a fuel to
use of natural gas as a fuel, may claim, and the department may

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1 allow, a tax credit in the amount of seventy percent of the
2 cost of converting the motor vehicle from using gasoline as a
3 fuel to using natural gas; provided that the motor vehicle is
4 owned by the taxpayer and is registered in New Mexico. The tax
5 credit that may be claimed pursuant to this section may be
6 referred to as the "vehicle natural gas conversion credit".
7 The vehicle natural gas conversion credit may be claimed only
8 for conversion of a motor vehicle to natural gas use on or
9 after January 1, 2010 but before January 1, 2017.

10 B. The department shall allow a vehicle natural gas
11 conversion credit only for a natural gas conversion system
12 approved by the energy, minerals and natural resources
13 department.

14 C. The vehicle natural gas conversion credit may be
15 claimed only for the taxable year in which the taxpayer's
16 vehicle is converted to natural gas use.

17 D. Prior to July 1, 2010, the energy, minerals and
18 natural resources department shall adopt rules establishing
19 procedures and guidelines for obtaining approval of a natural
20 gas conversion system for purposes of the vehicle natural gas
21 conversion credit. The rules shall address the basic technical
22 specifications and requirements necessary for a natural gas
23 conversion system to gain the approval of the energy, minerals
24 and natural resources department. The energy, minerals and
25 natural resources department shall review and modify the

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1 specifications and requirements as necessary to address
2 technological improvements in natural gas conversion systems.
3 The energy, minerals and natural resources department shall
4 provide a certificate to a taxpayer whose natural gas
5 conversion system is approved for purposes of claiming a
6 vehicle natural gas conversion credit. The certificate shall
7 include the vehicle identification number, the vehicle
8 registration plate number and the taxpayer's identification
9 number. Certificates shall be numbered sequentially and
10 recorded by the energy, minerals and natural resources
11 department.

12 E. The department may allow a maximum annual
13 aggregate of two million dollars (\$2,000,000) in vehicle
14 natural gas conversion corporate income tax credits pursuant to
15 the Corporate Income and Franchise Tax Act and vehicle natural
16 gas conversion credits that may be claimed pursuant to the
17 Income Tax Act. Applications for a credit shall be considered
18 in the order received by the department.

19 F. A taxpayer who otherwise qualifies and claims a
20 vehicle natural gas conversion credit for the cost of
21 converting a motor vehicle owned by the taxpayer to use natural
22 gas as a fuel from a gasoline-fueled motor vehicle registered
23 in New Mexico that may be claimed by a partnership of which the
24 taxpayer is a member may claim a credit only in proportion to
25 the taxpayer's interest in the partnership. The total credit

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1 claimed by all members of the partnership shall not exceed the
2 aggregate of the allowable costs pursuant to Subsection A of
3 this section.

4 G. As used in this section:

5 (1) "motor vehicle" means a vehicle that is
6 self-propelled by an internal combustion engine and is
7 registered pursuant to the Motor Vehicle Code; and

8 (2) "natural gas conversion system" means a
9 system for changing an internal combustion engine that operates
10 on gasoline as a fuel into an internal combustion engine that
11 operates on natural gas."

12 Section 2. A new section of the Income Tax Act is enacted
13 to read:

14 "[NEW MATERIAL] CREDIT--EXPANSION OF RETAIL FUEL STATION
15 TO DISPENSE NATURAL GAS.--

16 A. A taxpayer who files an individual New Mexico
17 income tax return for a taxable year beginning on or after
18 January 1, 2010, who is not a dependent of another taxpayer and
19 who purchases and installs in New Mexico, at the taxpayer's
20 gasoline or other fuel-dispensing retail station, pumps or
21 other devices that dispense natural gas into storage tanks for
22 use to fuel motor vehicles, may claim, and the department may
23 allow, a tax credit in the amount of fifty percent of the cost
24 of purchasing and installing pumps or other devices that
25 dispense natural gas into one or more storage tanks of a motor

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1 vehicle for use to power the motor vehicle. The tax credit
2 that may be claimed pursuant to this section may be referred to
3 as the "natural gas dispensers credit". The natural gas
4 dispensers credit may be claimed only for purchase and
5 installation of a natural gas dispensing system on or after
6 January 1, 2010 and before January 1, 2017.

7 B. The department shall allow a natural gas
8 dispensers credit only for dispensing systems approved by the
9 energy, minerals and natural resources department.

10 C. A portion of the natural gas dispensers credit
11 that remains unused in a taxable year may be carried forward
12 for a maximum of three consecutive taxable years following the
13 taxable year in which the credit originates until the credit is
14 fully expended.

15 D. Prior to July 1, 2010, the energy, minerals and
16 natural resources department shall adopt rules establishing
17 procedures and guidelines for obtaining approval of natural gas
18 dispensing systems for purposes of the natural gas dispensers
19 credit. The rules shall address the basic technical
20 specifications and requirements necessary for safe and
21 effective installation of a natural gas dispensing system to
22 gain the approval of the energy, minerals and natural resources
23 department. The energy, minerals and natural resources
24 department shall review and modify the specifications and
25 requirements as necessary. The energy, minerals and natural

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1 resources department shall provide a certificate to a taxpayer
2 whose natural gas dispensing system is approved for purposes of
3 claiming a natural gas dispensers credit. Certificates shall
4 be numbered sequentially and recorded by the energy, minerals
5 and natural resources department.

6 E. The department may allow a maximum annual
7 aggregate of two million dollars (\$2,000,000) in natural gas
8 dispensers corporate income tax credits pursuant to the
9 Corporate Income and Franchise Tax Act and natural gas
10 dispensers credits that may be claimed pursuant to the Income
11 Tax Act. Applications for a credit shall be considered in the
12 order received by the department.

13 F. A taxpayer who otherwise qualifies and claims a
14 natural gas dispensers credit for the cost of purchasing and
15 installing pumps or other devices that dispense natural gas
16 into one or more storage tanks of a motor vehicle that may be
17 claimed by a partnership of which the taxpayer is a member may
18 claim a credit only in proportion to the taxpayer's interest in
19 the partnership. The total credit claimed by all members of
20 the partnership shall not exceed the aggregate of the allowable
21 costs pursuant to Subsection A of this section.

22 G. As used in this section:

23 (1) "motor vehicle" means a vehicle that is
24 self-propelled by an internal combustion engine and is
25 registered pursuant to the Motor Vehicle Code; and

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1 (2) "natural gas dispensing system" means
2 pumps or other equipment required to dispense natural gas into
3 storage tanks of a motor vehicle that enable the motor vehicle
4 to operate on natural gas."

5 Section 3. A new section of the Corporate Income and
6 Franchise Tax Act is enacted to read:

7 "[NEW MATERIAL] CREDIT--VEHICLE CONVERSION TO NATURAL
8 GAS.--

9 A. A taxpayer that files a New Mexico corporate
10 income tax return for a taxable year beginning on or after
11 January 1, 2010 and converts on or after January 1, 2010 and
12 before January 1, 2017 a motor vehicle from use of gasoline as
13 a fuel to use of natural gas as a fuel may claim, and the
14 department may allow, a tax credit against the taxpayer's
15 corporate income and franchise tax liabilities in the amount of
16 seventy percent of the cost of converting the motor vehicle
17 from using gasoline as a fuel to using natural gas; provided
18 that the motor vehicle is owned by the taxpayer and is
19 registered in New Mexico. The tax credit that may be claimed
20 pursuant to this section may be referred to as the "vehicle
21 natural gas conversion corporate income tax credit".

22 B. The department shall allow a vehicle natural gas
23 conversion corporate income tax credit only for a conversion
24 system approved by the energy, minerals and natural resources
25 department.

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1 C. A portion of the vehicle natural gas conversion
2 corporate income tax credit that remains unused in a taxable
3 year may be carried forward for a maximum of three consecutive
4 taxable years following the taxable year in which the credit
5 originates until the credit is fully expended.

6 D. Prior to July 1, 2010, the energy, minerals and
7 natural resources department shall adopt rules establishing
8 procedures and guidelines for obtaining approval of natural gas
9 conversion systems for purposes of the vehicle natural gas
10 conversion corporate income tax credit. The rules shall
11 address the basic technical specifications and requirements
12 necessary for safe and effective installation of a natural gas
13 conversion system to gain the approval of the energy, minerals
14 and natural resources department. The energy, minerals and
15 natural resources department shall review and modify the
16 specifications and requirements as necessary. The energy,
17 minerals and natural resources department shall provide a
18 certificate to a taxpayer whose natural gas conversion system
19 is approved for purposes of claiming a vehicle natural gas
20 conversion corporate income tax credit. Certificates shall be
21 numbered sequentially and recorded by the energy, minerals and
22 natural resources department.

23 E. The department may allow a maximum annual
24 aggregate of two million dollars (\$2,000,000) in vehicle
25 natural gas conversion corporate income tax credits and vehicle

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1 natural gas conversion credits that may be claimed pursuant to
2 the Income Tax Act. Applications for a credit shall be
3 considered in the order received by the department.

4 F. As used in this section:

5 (1) "motor vehicle" means a vehicle that is
6 self-propelled by an internal combustion engine and is
7 registered pursuant to the Motor Vehicle Code; and

8 (2) "natural gas dispensing system" means
9 pumps or other equipment required to dispense natural gas into
10 storage tanks of a motor vehicle that enable the motor vehicle
11 to operate on natural gas."

12 Section 4. A new section of the Corporate Income and
13 Franchise Tax Act is enacted to read:

14 "[NEW MATERIAL] CREDIT--EXPANSION OF RETAIL FUEL STATION
15 TO DISPENSE NATURAL GAS.--

16 A. A taxpayer that files a New Mexico corporate
17 income tax return for a taxable year beginning on or after
18 January 1, 2010 and that purchases and installs on or after
19 January 1, 2010 but on or before December 31, 2016 in New
20 Mexico, at the taxpayer's gasoline or other fuel-dispensing
21 retail station, pumps or other devices that dispense natural
22 gas into storage tanks for use to fuel motor vehicles may
23 claim, and the department may allow, a tax credit to be claimed
24 against the taxpayer's corporate income or franchise tax
25 liabilities in the amount of fifty percent of the cost of

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1 purchasing and installing pumps or other devices that dispense
2 natural gas into one or more storage tanks of a motor vehicle
3 for use to power the motor vehicle. The tax credit that may be
4 claimed pursuant to this section may be referred to as the
5 "natural gas dispensers corporate income tax credit".

6 B. The department shall allow a natural gas
7 dispensers corporate income tax credit only for a natural gas
8 dispensing system approved by the energy, minerals and natural
9 resources department.

10 C. A portion of the natural gas dispensers
11 corporate income tax credit that remains unused in a taxable
12 year may be carried forward for a maximum of three consecutive
13 taxable years following the taxable year in which the credit
14 originates until the credit is fully expended.

15 D. Prior to July 1, 2010, the energy, minerals and
16 natural resources department shall adopt rules establishing
17 procedures and guidelines for obtaining approval of natural gas
18 dispensing systems for purposes of the natural gas dispensers
19 corporate income tax credit. The rules shall address the basic
20 technical specifications and requirements necessary for safe
21 and effective installation of a natural gas dispensing system
22 to gain the approval of the energy, minerals and natural
23 resources department. The energy, minerals and natural
24 resources department shall review and modify the specifications
25 and requirements as necessary. The energy, minerals and

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1 natural resources department shall provide a certificate to a
2 taxpayer whose natural gas dispensing system is approved for
3 purposes of claiming a natural gas dispensers corporate income
4 tax credit. Certificates shall be numbered sequentially and
5 recorded by the energy, minerals and natural resources
6 department.

7 E. The department may allow a maximum annual
8 aggregate of two million dollars (\$2,000,000) in natural gas
9 dispensers corporate income tax credits pursuant to this
10 section and natural gas dispensers credits that may be claimed
11 pursuant to the Income Tax Act. Applications for a credit
12 shall be considered in the order received by the department.

13 F. As used in this section:

14 (1) "motor vehicle" means a vehicle that is
15 self-propelled by an internal combustion engine and is
16 registered pursuant to the Motor Vehicle Code; and

17 (2) "natural gas dispensing system" means
18 pumps or other equipment required to dispense natural gas into
19 storage tanks of a motor vehicle that enable the motor vehicle
20 to operate on natural gas."

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