

**SENATE . . . . . No.**

---

**The Commonwealth of Massachusetts**

PRESENTED BY:

**John A. Hart, Jr.**

*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 Clean Alternative Transportation Fuels.

PETITION OF:

NAME:

John A. Hart, Jr.

DISTRICT/ADDRESS:

First Suffolk

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. S01730 OF 2007-2008.]

**The Commonwealth of Massachusetts**

---

**In the Year Two Thousand and Nine**

---

**AN ACT PROVIDING INCENTIVES FOR THE PURCHASE AND USE OF CLEAN  
ALTERNATIVE TRANSPORTATION FUELS .**

*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 6 of chapter 62 of the General Laws, as appearing in the 2000

2 official Edition, is hereby amended by adding at the end, the following subsection:-

3 (l)(1) As used in this subsection, the following words and phrases shall have the following  
4 meanings:

5           "Alternative fuel", any fuel designated as such on an annual list issued by the department  
6 of environmental protection, including methanol, denatured ethanol, and other alcohols; mixtures  
7 containing eighty-five percent or more by volume of methanol, denatured ethanol, and other  
8 alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-  
9 derived liquid fuels; fuels (other than alcohol) derived from biological materials, electricity

10 (including electricity from solar energy); and any other fuel that the department of environmental  
11 protection determines is substantially not petroleum.

12 SECTION 2. Said chapter 152 is hereby further amended by striking out

13 "Alternative fuel vehicle", a motor vehicle, as defined in section one of chapter ninety,  
14 which the department of environmental protection determines to: (1) operate exclusively on an  
15 alternative fuel; and (2) meet applicable state and federal safety and emission standards. In  
16 addition, for an alternative fuel vehicle less than six thousand pounds gross vehicle weight rating,  
17 the alternative fuel vehicle shall meet ultra low emission, inherently low emission, or zero  
18 emission vehicle standards, as defined in regulations promulgated by the department of  
19 environmental protection, for total vehicle emissions. For an alternative fuel vehicle equal to or  
20 greater than six thousand gross vehicle weight rating, the alternative fuel vehicle shall meet  
21 federal emission standards for a new comparable vehicle. The department of environmental  
22 protection shall publish an annual list of alternative fuel vehicles.

23 "Comparable conventionally-fueled motor vehicle" or "comparable vehicle", a motor  
24 vehicle which is (1) commercially available at the time the comparability of the vehicle is being  
25 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;  
26 and (3) provides passenger capacity or payload capacity the same or similar to the alternative  
27 fuel vehicle to which it is being compared. The department of environmental protection shall  
28 publish an annual list, to be updated as needed, of comparable conventionally-fueled motor  
29 vehicles.

30 "Facility", any structure, equipment, apparatus, wires or piping used with dispensing or charging  
31 equipment necessary to dispense an alternative fuel as determined by the division of energy  
32 resources in consultation with the department of environmental protection.

33 "Incremental cost", the difference between the price paid for the alternative fuel vehicle and the  
34 average retail cost of a comparable conventionally-fueled motor vehicle. The department of  
35 environmental protection shall publish an annual list, to be updated as needed, of the average  
36 retail prices of comparable conventionally-fueled motor vehicles to be used as the basis for  
37 determining incremental cost.

38 (2)(a) A credit shall be allowed against the tax imposed by this chapter in an amount equal to  
39 fifty percent of the incremental cost of purchasing a new alternative fuel vehicle and fifty percent  
40 of the cost of converting a petroleum fueled motor vehicle to an alternative fuel vehicle. For an  
41 originally equipped alternative fuel vehicle, the credit allowed shall be claimed in the first  
42 taxable year in which the vehicle is registered. For a motor vehicle which has been converted to  
43 an alternative fuel vehicle, the credit allowed shall be claimed in the first taxable year in which  
44 such conversion occurs. Conversion costs eligible for such credit shall include the cost of  
45 purchasing conversion equipment necessary to convert a motor vehicle to an alternative fuel  
46 vehicle and the labor costs associated with installing such conversion equipment.

47 (b) A credit also shall be allowed against the tax imposed by this chapter on an owner of a  
48 facility in an amount equal to forty percent of the cost of constructing any facility in  
49 Massachusetts, available to the public where feasible, for fueling alternative fuel vehicles.  
50 Facility costs eligible for a credit under this paragraph include the cost of purchasing fueling  
51 equipment, charging equipment and other materials necessary for the facility to fuel alternative

52 fuel vehicles and the labor costs associated with constructing the facility and installing such  
53 equipment. This credit shall be claimed in the first taxable year in which the facility becomes  
54 operational.

55 (3) No credits shall be allowed under this subsection for the purchase of alternative fuel vehicles  
56 purchased in accordance with federal requirements under the Energy Policy Act of 1992.

57 (4) The allowable credits under this subsection shall not exceed \$5,000 per vehicle or \$50,000  
58 for a single alternative fuel facility or \$100,000 for a facility dispensing multiple alternative  
59 fuels.

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

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

66 (7) The credit allowed herein shall apply to taxes due for taxable periods beginning on or after  
67 January first, nineteen hundred and ninety-seven and ending on or before December thirty-first,  
68 two thousand and ten. Such credits, except for unused amounts of credits carried forward  
69 pursuant to subparagraph (5), shall not apply to taxable periods beginning on or after January  
70 first, two thousand and five.

71 (8) For the period of time this credit is allowed, the commissioner shall provide to the  
72 department of environmental protection with the following information as it becomes available:

- 73 (a) number of taxpayers claiming the credit;
- 74 (b) total dollars of credit claimed;
- 75 (c) the total number of alternative fuel vehicles for which credit is claimed and the type of
- 76 fuel that each vehicle is designed

77 (9) The commissioner shall promulgate rules and regulations necessary to implement the

78 provisions of this section.

79 SECTION 2. Chapter 63 of the General Laws, as appearing in the 2000 Official

80 Edition, is hereby amended by adding after section 38P, the following new section:-

81 Section 38Q. A corporation subject to tax pursuant to this chapter shall be allowed a credit

82 against such tax as allowed under subsection (h) of section six of chapter sixty-two provided

83 that:

84 (1) if a corporation is subject to a minimum excise under any provision of this chapter,

85 the amount of the credit allowed by this section shall not reduce the excise to an amount

86 less than the minimum excise:

87 (2) the credit allowed under this section shall be subject to the provisions of section 32 C;

88 and

89 (3) any corporation entitled to a credit pursuant to this section for any taxable year shall

90 apply such credit only to its excise for any of the eligible taxable years. Such credit may

91 not be applied against the excise liability of any other corporation pursuant to an election

92 under the provisions of section thirty-two B.

93 (4) Any corporation entitled to the credit allowed by this section may carry over and  
94 apply to its excise for any one or more of the next succeeding five taxable years, the  
95 portion, as reduced from year to year, of its credit which exceeds its excise for the taxable  
96 year.

97 (5) For the period of time this credit is allowed, the commissioner shall provide to the  
98 department of environmental protection with the following information as it becomes  
99 available:

100 (a) number of taxpayers claiming the credit;

101 (b) total dollars of credit claimed;

102 (c) the total number of alternative fuel vehicles for which credit is claimed and the  
103 type of fuel that each vehicle is designed to use. The commissioner shall provide  
104 similar information to the division of energy resources.

105 (6) The commissioner shall promulgate rules and regulations necessary to implement the  
106 provisions of this section.

107 SECTION 3. Section 1 of chapter 64E of the General Laws, as appearing in the  
108 2000 Official Edition, is hereby amended by adding the following new subsections:-

109 (l) "Alternative fuel", any fuel designated as such on an annual list issued by the department of  
110 environmental protection, including methanol, denatured ethanol, and other alcohols; mixtures  
111 containing eighty-five percent or more by volume of methanol, denatured ethanol, and other  
112 alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-  
113 derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity

114 (including electricity from solar energy); and any other fuel that the department of environmental  
115 protection determines is substantially not petroleum.

116 (m) "Alternative fuel vehicle", a motor vehicle, as defined in section one of chapter ninety,  
117 which the department of environmental protection determines to: (1) operate exclusively on an  
118 alternative fuel; and (2) meet applicable state and federal safety and emission standards. In  
119 addition, for an alternative fuel vehicle less than six thousand pounds gross vehicle weight rating,  
120 the alternative fuel vehicle shall meet ultra low emission, inherently low emission, or zero  
121 emission vehicle standards, as defined in regulations promulgated by the department of  
122 environmental protection for total vehicle emissions. For an alternative fuel vehicle equal to or  
123 greater than six thousand gross vehicle weight rating, the alternative fuel vehicle shall meet  
124 federal emission standards for a new comparable vehicle. The department of environmental  
125 protection shall publish an annual list of alternative fuel vehicles.

126 SECTION 4. Section 4 of chapter 64E of the General Laws, as appearing in the  
127 2000 Official Edition, is hereby amended by adding at the end thereof the following sentences:-

128 No person shall pay an excise pursuant to this chapter for alternative fuel when the  
129 alternative fuel is dispensed into an alternative fuel vehicle. The exemptions provided in this  
130 paragraph shall not apply to any such sales made after December thirty-first, two thousand and  
131 ten.

132 SECTION 5. Section 1 of chapter 64F of the General Laws, as appearing in the 2000  
133 Official Edition, is hereby amended by inserting the following new subsections:-

134 (g) "Alternative fuel", any fuel designated as such on an annual list issued by the department of  
135 environmental protection, including methanol, denatured ethanol, and other alcohols; mixtures



136 containing eighty-five percent or more by volume of methanol, denatured ethanol, and other  
137 alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-  
138 derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity  
139 (including electricity from solar energy); and any other fuel that the department of environmental  
140 protection determines is substantially not petroleum.

141 (h) "Alternative fuel vehicle", a motor vehicle, as defined in section one of chapter ninety, which  
142 the department of environmental protection determines to: (1) operate exclusively on an  
143 alternative fuel; and (2) meet applicable state and federal safety and emission standards. In  
144 addition, for an alternative fuel vehicle less than six thousand pounds gross vehicle weight rating,  
145 the alternative fuel vehicle shall meet ultra low emission, inherently low emission, or zero  
146 emission vehicle standards, as defined in regulations promulgated by the department of  
147 environmental protection, for total vehicle emissions. For an alternative fuel vehicle equal to or  
148 greater than six thousand gross vehicle weight rating, the alternative fuel vehicle shall meet  
149 federal emission standards for a new comparable vehicle. The department of environmental  
150 protection shall publish an annual list of alternative fuel vehicles.

151 SECTION 6. Section 3 of chapter 64F of the General Laws, as appearing in the  
152 2000 Official Edition, is hereby amended by inserting after the first sentence the following new  
153 sentences:-

154 No person shall pay an excise pursuant to this chapter for the privilege of using the  
155 highways of the commonwealth while operating an alternative fuel vehicle. The exemptions  
156 provided in this paragraph shall not apply to any such sales made after December thirty-first, two  
157 thousand and ten.

158           SECTION 7.           Section 6 of chapter 64H of the General Laws, as appearing in the  
159 1996 Official Edition, is hereby amended by adding the following new subsections:-

160 (rr) As used in this subsection and in subsections (ss) and (tt), the following words and phrases  
161 shall have the following meanings:-

162 "Alternative fuel", any fuel designated as such on an annual list issued by the department of  
163 environmental protection, including methanol, denatured ethanol, and other alcohols; mixtures  
164 containing eighty-five percent or more by volume of methanol, denatured ethanol, and other  
165 alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-  
166 derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity  
167 (including electricity from solar energy); and any other fuel that the department of environmental  
168 protection determines is substantially not petroleum.

169 "Alternative fuel vehicle", a motor vehicle, as defined in section one of chapter ninety, which the  
170 department of environmental protection determines to: (1) operate exclusively on an alternative  
171 fuel; and (2) meet applicable state and federal safety and emission standards. In addition, for an  
172 alternative fuel vehicle less than six thousand pounds gross vehicle weight rating, the alternative  
173 fuel vehicle shall meet ultra low emission, inherently low emission, or zero emission vehicle  
174 standards, as defined in regulations promulgated by the department of environmental protection,  
175 for total vehicle emissions. For an alternative fuel vehicle equal to or greater than six thousand  
176 gross vehicle weight rating, the alternative fuel vehicle shall meet federal emission standards for  
177 a new comparable vehicle. The department of environmental protection shall publish an annual  
178 list of alternative fuel vehicles.

179 "Comparable conventionally-fueled motor vehicle" or "comparable vehicle", a motor vehicle  
180 which is (1) commercially available at the time the comparability of the vehicle is being  
181 assessed; (2) powered by an internal combustion engine that uses petroleum as its fuel source;  
182 and (3) provides passenger capacity or payload capacity the same or similar to the alternative  
183 fuel vehicle to which it is being compared. The department of environmental protection shall  
184 publish an annual list, to be updated as needed, of comparable conventionally-fueled motor  
185 vehicles.

186 "Incremental cost", the difference between the price paid for the alternative fuel vehicle and the  
187 average retail cost of a comparable conventionally-fueled motor vehicle. The department of  
188 environmental protection shall publish an annual list, to be updated as needed, of the average  
189 retail prices of comparable conventionally-fueled motor vehicles to be used as the basis for  
190 determining incremental cost.

191 Sales of materials, tools and machinery and replacement parts thereof, used directly and  
192 exclusively for converting a conventionally-fueled motor vehicle to an alternative fuel vehicle;  
193 and sales of any new alternative fuel vehicle, but only that portion of a sale which is the  
194 incremental cost of the alternative fuel vehicle. The exemption provided in this subsection shall  
195 not apply to any such sales made after December thirty-first, two thousand and ten.

196 (ss) Sales of materials, tools and machinery and replacement parts thereof used directly and  
197 exclusively to dispense alternative fuel into alternative fuel vehicles. The exemption provided in  
198 this subsection shall not apply to any such sales made after December thirty-first, two thousand  
199 and ten.

200 (tt) Sales of alternative fuel when dispensed into an alternative fuel vehicle. The exemption  
201 provided in this subsection shall not apply to any such sales made after December thirty-first,  
202 two thousand and ten.

203 SECTION 8. Chapter 164 of the General Laws, as appearing in the 2000 Official Edition,  
204 is hereby amended by striking section 94 1/2 and inserting in place thereof the following  
205 section:-

206 Section 94 1/2. As used in this subsection, the following words and phrases shall have the  
207 following meanings:

208 "Alternative fuel", any fuel designated as such on an annual list issued by the department of  
209 environmental protection, including methanol, denatured ethanol, and other alcohols; mixtures  
210 containing eighty-five percent or more by volume of methanol, denatured ethanol, and other  
211 alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-  
212 derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity  
213 (including electricity from solar energy); and any other fuel that the department of environmental  
214 protection determines is substantially not petroleum.

215 "Alternative fuel vehicle", a motor vehicle, as defined in section one of chapter ninety, which the  
216 department of environmental protection determines to: (1) operate exclusively on an alternative  
217 fuel; and (2) meet applicable state and federal safety and emission standards. In addition, for an  
218 alternative fuel vehicle less than six thousand pounds gross vehicle weight rating, the alternative  
219 fuel vehicle shall meet ultra low emission, inherently low emission, or zero emission vehicle  
220 standards, as defined in regulations promulgated by the department of environmental protection,  
221 for total vehicle emissions. For an alternative fuel vehicle equal to or greater than six thousand

222 gross vehicle weight rating, the alternative fuel vehicle shall meet federal emission standards for  
223 a new comparable vehicle. The department of environmental protection shall publish an annual  
224 list of alternative fuel vehicles. Notwithstanding the provisions of section 94, or any other special  
225 or general law to the contrary, the rates and terms for the sale of alternative fuels for motor  
226 vehicle use shall not be subject to regulation by the department of public utilities; provided,  
227 however, that any gas or electric company which is otherwise regulated pursuant to this chapter  
228 and sells alternative fuels for motor vehicle use, shall keep separate records, books, and accounts  
229 of such unregulated sales sufficient to allow the department of public utilities to allocate costs  
230 and revenues; and provided further, that such gas or electric company's sale of alternative fuel for  
231 use in motor vehicles and investment in related infrastructure shall not affect the quality of  
232 service or increase the cost of alternative fuel to said company's customers who purchase  
233 alternative fuel for uses other than motor vehicle use.