

Revenue Information Bulletin No. 09-029
December 17, 2009
Individual Income and Corporation Income Tax

Tax Credit for Conversion of Vehicles to Alternative Fuel Usage

[Act 469](#) of the Regular Session of the 2009 Louisiana Legislature repeals La. R.S. 47:38 and 47:287.757 which provided nonrefundable credits against income tax for the conversion of a vehicle to an alternative fuel source and enacted La. R.S. 47:6035 to provide for a refundable income tax credit as an incentive to invest in a qualified motor vehicle fuel property. For the purpose of the new credit, “alternative fuels” are low-emission fuels that include but are not limited to compressed natural gas, liquefied natural gas, liquefied petroleum gas, biofuel, biodiesel, methanol, ethanol, and electricity. The credit is equal to 50 percent of the cost of the qualified clean-burning motor vehicle fuel property that has been purchased and installed.

The Act provides that the cost of qualified clean-burning motor vehicle fuel property means any of the following:

- 1) The retail cost for the purchase and the installation of a clean-burning motor vehicle fuel property by a technician to modify a motor vehicle which is propelled by gasoline or diesel.
- 2) The cost to the owner of a new motor vehicle, originally equipped to be propelled by an alternative fuel and registered in this state, for that portion of the vehicle that is used for the storage of the alternative fuel, for that portion of the vehicle that delivers the alternative fuel to the engine of the motor vehicle, and for that portion of the vehicle that expels gases from combustion through the exhaust system.
- 3) The cost of property located in Louisiana enabling the delivery of an alternative fuel to the fuel tank of motor vehicles. Such property includes compression equipment, storage tanks, and dispensing units where alternative fuels are delivered and does not include cost associated with the exploration and development activities necessary for severing natural resources from the soil or ground. No credit can be allowed for property on which a credit has been previously claimed.

If the taxpayer is unable to determine the exact cost attributable to the qualified clean-burning motor vehicle fuel property or elects not to determine the exact cost attributable to the qualified clean-burning motor vehicle fuel property, a credit equal to 10% of the cost of the motor vehicle registered in this state or \$3,000, whichever is less, may be claimed.

The owner or operator of any vehicle that is propelled by an engine or motor that is capable of using liquefied natural gas, liquefied petroleum gas, or compressed natural gas as a fuel and that operates on the highway, must apply for and be issued a special fuel decal in conformance with R.S. 47:818.104.

Cynthia Bridges
Secretary