
A BILL FOR AN ACT

RELATING TO A VEHICLE CONVERSION TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Consistent with public policy, the legislature
2 finds that the use of low emission energy-efficient fuels is in
3 the public interest and promotes the general welfare of the
4 people of this State insofar as it addresses serious concerns
5 for our environment and our state's and nation's dependence on
6 petroleum based fuels as a source of energy. The legislature
7 further finds that by encouraging the use of low emission
8 energy-efficient vehicles, the State will be reducing its
9 dependence on petroleum fuel and addressing environmental impact
10 caused by petroleum based fuels. However, because the cost of
11 low emission energy-efficient vehicle technologies remains high
12 in relation to motor vehicles that employ more traditional
13 technologies, citizens of this State who might otherwise choose
14 a low emission energy-efficient vehicle are forced by economic
15 necessity to continue using motor vehicles that are fueled by
16 more conventional means. Therefore, in order to encourage the
17 use of low emission energy-efficient vehicles and reduce the
18 state's dependence on petroleum based sources of energy, there



1 is hereby created a low emission energy-efficient vehicle
2 conversion tax credit.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§235- Credit for low emission energy-efficient vehicle

7 conversion. (a) There shall be allowed to each taxpayer
8 subject to the taxes imposed by this chapter, a tax credit that
9 may be claimed for the taxable year in which the credit is
10 properly claimed.

11 (b) The tax credit shall only be available to qualified
12 registered vehicle owners.

13 (c) If the tax credit under this section exceeds the
14 taxpayer's income tax liability for the taxable year or years in
15 which the credit is claimed, the excess of the tax credit over
16 liability may be used as a credit against the taxpayer's income
17 tax liability in subsequent years until exhausted. Every claim,
18 including amended claims, for a tax credit under this section
19 shall be filed on or before the end of the twelfth month
20 following the close of the taxable year for which the credit may
21 be claimed. Failure to comply with the foregoing provision
22 shall constitute a waiver of the right to claim the credit.



1 (d) A taxpayer is eligible to claim the credit against tax
2 provided in this section if the taxpayer converts a motor
3 vehicle that is presently registered in Hawaii to operate:

4 (1) Exclusively on a low emission energy-efficient fuel;
5 or

6 (2) In a dual fuel mode.

7 (e) The total amount of any credit allowed under this
8 section may not exceed 50 per cent of actual cost of converting
9 from a traditionally-fueled motor vehicle to a low emission
10 energy-efficient vehicle or \$2,500, whichever is less.

11 (f) The maximum total credit allowed for a low emission
12 energy-efficient vehicle conversion is \$2,500.

13 (g) The director of taxation shall prepare any forms that
14 may be necessary to claim a credit under this section. The
15 director may also require the taxpayer to furnish information to
16 ascertain the validity of the claims for credits made under this
17 section and may adopt rules necessary to effectuate the purposes
18 of this section pursuant to chapter 91.

19 (h) As used in this section:

20 (1) "Low emission energy-efficient fuel" includes:

21 (A) Biodiesel;

22 (B) Compressed natural gas;



1 (C) Is capable of operating on low emission
 2 energy-efficient fuel and is also capable of
 3 operating on gasoline or diesel fuel."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to
 6 taxable years beginning after December 31, 2005.

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INTRODUCED BY:

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HB 2021

Report Title:

Tax Credit; Purchase of Hybrid Conversion Equipment

Description:

Provides tax credit for the purchase of conversion equipment, including the cost of conversion, up to 50 percent of the cost or \$2,500.

