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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **435**

January 29, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; providing an income tax credit for the conversion of vehicles
1.3 to operate using alternative fuels; amending Minnesota Statutes 2006, section
1.4 290.06, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 290.06, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 34. **Alternative fuel vehicle conversion credit.** (a) A taxpayer who conducts
1.9 a trade or business, as defined in section 290.015, subdivision 1, may take a credit against
1.10 the tax due under this chapter for an amount equal to 50 percent of the expenses incurred
1.11 during the taxable year by the taxpayer in converting one or more of the vehicles used
1.12 in the taxpayer's trade or business to an alternative fuel vehicle, as defined in section
1.13 216C.01, subdivision 1. The credit must not exceed \$500 for a vehicle weighing less than
1.14 10,000 pounds and \$1,000 for a vehicle weighing more than 10,000 pounds.

1.15 (b) The credit is limited to the liability for tax, as computed under this section for
1.16 the taxable year. If the amount of the credit determined under this section for any taxable
1.17 year exceeds this limitation, the excess is an alternative fuel vehicle credit carryover
1.18 to the succeeding taxable year.

1.19 **EFFECTIVE DATE.** This section is effective for expenses incurred after June
1.20 30, 2007.