

STATE OF NEW YORK

9503

IN SENATE

July 15, 2022

Introduced by Sen. PARKER -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the tax law, in relation to providing a tax credit for the purchase or conversion of an electric vessel or zero emission vessel; and to providing a tax credit for electric vessel recharging property

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The tax law is amended by adding a new section 48 to read
2 as follows:

3 § 48. Electric and zero emission vessel tax credit. (a) Allowance of
4 credit. (1) A taxpayer that purchases a qualifying electric vessel or
5 zero emission vessel, that meets the eligibility requirements of subdi-
6 vision (b) of this section and that is subject to tax under article
7 nine-A or twenty-two of this chapter may claim an electric and zero
8 emission vessel tax credit against such tax in the taxable year in which
9 the purchase is made. A taxpayer that converts a vessel to a qualifying
10 electric vessel or zero emission vessel, that meets the eligibility
11 requirements of subdivision (b) of this section and that is subject to
12 tax under article nine-A or twenty-two of this chapter may claim an
13 electric and zero emission vessel tax credit against such tax in the
14 taxable year in which the conversion is made.

15 (2) The amount of the credit allowed under this section shall be
16 calculated as follows:

17 (i) in the case of a qualifying electric vessel or zero emission
18 vessel purchased after December thirty-first, two thousand twenty-two
19 and before January first, two thousand twenty-eight, thirty percent of
20 the tax imposed upon such purchase pursuant to article twenty-eight of
21 this chapter;

22 (ii) in the case of a qualifying electric vessel or zero emission
23 vessel purchased during a calendar year after December thirty-first, two
24 thousand twenty-eight and before January first, two thousand thirty-
25 four, thirty percent of the tax imposed upon such purchase pursuant to
26 article twenty-eight of this chapter determined under this paragraph for

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 the preceding calendar year, reduced by five percentage points for each
2 year after two thousand twenty-eight; and

3 (iii) in the case of a vessel converted to a qualifying vessel after
4 December thirty-first, two thousand twenty-two and before January first,
5 two thousand twenty-eight, thirty percent of the tax imposed upon the
6 cost of such conversion pursuant to article twenty-eight of this chap-
7 ter; and

8 (iv) in the case of a vessel converted to a qualifying vessel during a
9 calendar year after December thirty-first, two thousand twenty-eight and
10 before January first, two thousand thirty-four, thirty percent of the
11 tax imposed upon the cost of such conversion pursuant to article twen-
12 ty-eight of this chapter determined under this paragraph for the preced-
13 ing calendar year, reduced by five percentage points for each year after
14 two thousand twenty-eight.

15 (3) No credit shall be allowed for a qualifying vessel purchased or
16 converted after December thirty-first, two thousand thirty-four.

17 (4) A taxpayer that is a partner in a partnership, member of a limited
18 liability company or shareholder in a subchapter S corporation shall be
19 allowed its pro rata share of the credit earned by the partnership,
20 limited liability company or subchapter S corporation that meets the
21 eligibility criteria described in subdivision (b) of this section to
22 claim an electric and zero emission vessel tax credit. In no event may
23 the total amount of the credit earned by the partnership, limited
24 liability company or subchapter S corporation exceed forty thousand
25 dollars for all vessels in any tax year.

26 (5) No cost or expense paid or incurred by the taxpayer that is
27 included as part of the calculation of this credit shall be the basis of
28 any other tax credit allowed under this chapter.

29 (b) Eligibility criteria. To be eligible to claim an electric and zero
30 emission vessel tax credit, a taxpayer must:

31 (1) (i) purchase an electric vessel or zero emission vessel during the
32 calendar year for which the credit is claimed; or (ii) convert a vessel
33 to a qualifying vessel during the calendar year for which the credit is
34 claimed;

35 (2) pay taxes pursuant to article twenty-eight of this chapter on: (i)
36 the purchase of the electric vessel or zero emission vessel; or (ii) the
37 purchase of equipment and/or services to convert the vessel to a quali-
38 fying vessel;

39 (3) register the vessel in this state for at least six months of the
40 taxable year in which the credit is claimed;

41 (4) purchase the vessel for personal use or lease, not for re-sale;
42 and

43 (5) in the case of a conversion, submit an application to and obtain
44 approval of such application by the department describing the conversion
45 and approved costs to complete such conversion.

46 (c) Definitions. As used in this section the following terms shall
47 have the following meanings:

48 (1) "Vessel" means a vessel as defined in section twenty-two hundred
49 fifty of the vehicle and traffic law that is an electric vessel or a
50 zero emission vessel.

51 (2) "Electric vessel" means a commercially available, mass-produced
52 vessel originally equipped by the manufacturer with an on board electric
53 propulsion system or a vessel retrofitted with an electric propulsion
54 system, provided the vehicle owner can provide supporting documentation
55 of such retrofit. "Electric vessel" includes: (i) an electric vessel
56 that has a battery that is recharged by connecting the vessel to an

1 external power source; and (ii) a plug-in hybrid electric vessel that
2 has a battery that be can be recharged by connecting the vessel to an
3 external power source or by an onboard internal-combustion engine and
4 generator.

5 (3) "Zero emission vessel" means a vessel powered by means of a
6 battery or fuel cell or a combination thereof, or another source of
7 power, that produces zero exhaust emissions of any greenhouse gas,
8 criteria pollutant or precursor pollutant under any and all possible
9 operational modes and conditions.

10 (4) "Qualifying vessel" means an electric vessel or zero emission
11 vessel as designated by the department or a vessel that has been
12 converted to an electric vessel or zero emission vessel as provided in
13 subdivision (d) of this section.

14 (d) Qualifying vessels. (1) The department, in consultation with the
15 department of environmental conservation, shall compile a list of elec-
16 tric vessels and zero emission vessels that qualify for an electric and
17 zero emission vessel tax credit.

18 (2) The department, in consultation with the department of environ-
19 mental conservation, shall develop guidelines for the conversion of a
20 vessel to a qualifying vessel and shall develop an application process
21 to certify the expenses necessary for the conversion. A taxpayer will
22 not be eligible to claim the credit unless he or she has completed the
23 application process and the application has been approved by the depart-
24 ment.

25 (e) Information sharing. The department and the department of environ-
26 mental conservation shall be allowed and are directed to share and
27 exchange information regarding the information contained on the credit
28 application for claiming the electric and zero emission vessel tax cred-
29 it and such information exchanged between the department and the depart-
30 ment of environmental conservation shall not be subject to disclosure or
31 inspection under the state's freedom of information law.

32 (f) Cross references. For application of the credit provided for in
33 this section, see the following provisions of this chapter:

34 (1) article 9-A: section 210-B, subdivision 59; and

35 (2) article 22: section 606, subsection (ooo).

36 § 2. Section 210-B of the tax law is amended by adding a new subdivi-
37 sion 59 to read as follows:

38 59. Electric and zero emission vessel tax credit. (a) Allowance of
39 credit. A taxpayer will be allowed a credit, to be computed as provided
40 in section forty-eight of this chapter, against the taxes imposed by
41 this article.

42 (b) Application of credit. The credit allowed under this subdivision
43 for the taxable year will not reduce the tax due for such year to less
44 than the amount prescribed in paragraph (d) of subdivision one of
45 section two hundred ten of this article. However, if the amount of cred-
46 it allowed under this subdivision for the taxable year reduces the tax
47 to such amount or if the taxpayer otherwise pays tax based on the fixed
48 dollar minimum amount, any amount of credit not deductible in such taxa-
49 ble year will be treated as an overpayment of tax to be credited or
50 refunded in accordance with the provisions of section one thousand
51 eighty-six of this chapter. Provided, however, the provisions of
52 subsection (c) of section one thousand eighty-eight of this chapter
53 notwithstanding, no interest will be paid thereon.

54 § 3. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
55 of the tax law is amended by adding a new clause (xlx) to read as
56 follows:

<p>1 <u>(xix) Electric and zero</u></p> <p>2 <u>emission vessel tax credit</u></p> <p>3 <u>under subsection (ooo)</u></p>	<p><u>Amount of credit under</u></p> <p><u>subdivision fifty-nine of</u></p> <p><u>section two hundred ten-B</u></p>
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4 § 4. Section 606 of the tax law is amended by adding a new subsection
5 (ooo) to read as follows:

6 (ooo) Electric and zero emission vessel tax credit. (1) Allowance of
7 credit. A taxpayer shall be allowed a credit, to be computed as provided
8 in section forty-eight of this chapter, against the tax imposed by this
9 article.

10 (2) Application of credit. If the amount of the credit allowed under
11 this subsection for the taxable year exceeds the taxpayer's tax for such
12 year, the excess will be treated as an overpayment of tax to be credited
13 or refunded in accordance with the provisions of section six hundred
14 eighty-six of this article, provided, however, that no interest will be
15 paid thereon.

16 § 5. Subdivision 3 of section 187-b of the tax law is amended by
17 adding a new paragraph (c) to read as follows:

18 (c) The term "vehicle" includes a vessel as defined in section forty-
19 eight of this chapter.

20 § 6. Paragraph (c) of subdivision 30 of section 210-B of the tax law
21 is amended by adding a new subparagraph (iii) to read as follows:

22 (iii) The term "vehicle" includes a vessel as defined in section
23 forty-eight of this chapter.

24 § 7. Paragraph 3 of subsection (p) of section 606 of the tax law is
25 amended by adding a new subparagraph (c) to read as follows:

26 (c) The term "vehicle" includes a vessel as defined in section forty-
27 eight of this chapter.

28 § 8. Severability. If any provision of this act, or any application of
29 any provision of this act, is held to be invalid, that shall not affect
30 the validity or effectiveness of any other provision of this act, or of
31 any other application of any provision of this act, which can be given
32 effect without that provision or application; and to that end, the
33 provisions and applications of this act are severable.

34 § 9. This act shall take effect immediately and shall apply to taxable
35 years beginning on or after January 1, 2023.