

STATE OF NEW YORK

1526

2021-2022 Regular Sessions

IN SENATE

January 12, 2021

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

AN ACT to amend the state finance law, in relation to creating the alternative fuel incentive fund; to amend the tax law, in relation to creating the alternative fuels credit; to amend the public authorities law, in relation to alternative fuel grants; and making an appropriation therefor

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

1 Section 1. The state finance law is amended by adding a new section
2 99-ii to read as follows:

3 § 99-ii. Alternative fuel incentive fund. 1. There is hereby estab-
4 lished in the joint custody of the state comptroller and the commission-
5 er of taxation and finance a special revenue fund to be known as the
6 "alternative fuel incentive fund".

7 2. The fund shall consist of the amount of revenues from sales taxes
8 imposed on the receipts of the price of motor and diesel fuel more than
9 one dollar or equal to or less than two dollars.

10 3. Monies of the fund, when allocated, shall be disbursed for the
11 following purposes:

12 (a) credits against personal income tax and corporate franchise tax
13 for the installation or conversion of fueling stations for alternative
14 fuels;

15 (b) grants for research and development in regards to fuel diversifi-
16 cation and energy efficiency in the transportation sector;

17 (c) installation of alternative fueling stations at each of the twen-
18 ty-seven travel plazas on the New York state thruway;

19 (d) grants for a cellulosic ethanol refinery; and

20 (e) administrative costs borne by the department of taxation and
21 finance and the New York state energy research and development authori-
22 ty.

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

LBD03879-01-1

§ 2. Subdivision (b) of section 1148 of the tax law, as amended by section 6-a of part G of chapter 59 of the laws of 2019, is amended to read as follows:

(b) Provided however, before the funds may be distributed pursuant to subdivision (a) of this section, such funds shall be distributed as otherwise provided in sections ninety-two-d, ninety-two-h, ~~and~~ ninety-two-r and ninety-nine-ii of the state finance law and sections eleven hundred two, eleven hundred four and eleven hundred nine of this article.

§ 3. Section 606 of the tax law is amended by adding two new subsections (p-1) and (kkk) to read as follows:

(p-1) Alternative fuels credit. (1) General. A taxpayer shall be allowed a credit, to be computed as hereinafter provided, against the tax imposed by this article for fuel flexible vehicles and qualified hybrid vehicles placed in service during the taxable year. Provided, however, that the credit provided for by this subsection with respect to fuel flexible vehicles shall not be allowed to a gas corporation or electric corporation as defined in subdivisions eleven and thirteen of section two of the public service law, or a gas and electric corporation as described in section sixty-four of the public service law, where such corporation is subject to the supervision of the department of public service.

(2) Fuel flexible and hybrid vehicles. The credit under this subsection for fuel flexible and qualified hybrid vehicles shall equal five hundred dollars per vehicle registered in this state.

(3) Definitions. (A) The term "fuel flexible vehicle" means a vehicle which is equipped to use alternative fuel as defined in subdivision eleven of section three hundred fifty-one of the public authorities law.

(B) The term "qualified hybrid vehicle" means a motor vehicle, as defined in section one hundred twenty-five of the vehicle and traffic law, other than an electric vehicle, that:

(i) draws propulsion energy from both

(a) an internal combustion engine (or heat engine that uses combustible fuel); and

(b) an energy storage device; and

(ii) employs a regenerative vehicle braking system that recovers waste energy to charge such energy storage device.

(4) Carryovers. If the amount of credit allowable under this subsection shall exceed the taxpayer's tax of such year, the excess, may be carried over to the following year or years and may be deducted from the taxpayer's tax for such year or years.

(5) Credit recapture. (A) Vehicles. If, within three full years from the date a qualified hybrid vehicle is placed in service such vehicles cease to be qualified, a recapture amount must be added back in the tax year in which such cessation occurs.

(B) Cessation of qualification. (i) A qualified hybrid ceases to be qualified if

(a) it is modified by the taxpayer so that it no longer meets the requirements of a qualified hybrid vehicle.

(b) the taxpayer receiving the credit under this subsection sells or disposes of the vehicle and knows or has reason to know that the vehicle will be so modified.

(ii) Recapture amount. The recapture amount is equal to the credit allowable under this subsection.

(6) Termination. This subsection shall not apply to property placed in service in taxable years beginning after December thirty-first, two thousand twenty-two.

(kkk) Alternative fuel credit for installation or conversion of fueling stations. (1) Allowance of credit. A taxpayer shall be allowed a credit, to be computed hereinafter provided, against the tax imposed by this article for the cost of installation construction, reconstruction or acquisition of an alternative fuel refueling facility that is directly attributable to the storage, compression, charging or dispensing of alternative fuels to motor vehicles. The income tax credit would be thirty percent of the costs associated with such expenses.

(2) Application of credit. If the amount of the credit allowable under this subsection for any taxable year exceeds the taxpayer's tax for such year, fifty percent of the excess shall be treated as an overpayment of tax to be credited or refunded as provided in section six hundred eighty-six of this article, provided, however, that no interest shall be paid thereon. The balance of such credit not credited or refunded in such taxable year may be carried over to the immediately succeeding taxable year and may be deducted from the taxpayer's tax for such year. The excess, if any, of the amount of the credit over the tax for such succeeding year shall be treated as an overpayment of tax to be credited or refunded as provided in section six hundred eighty-six of this article, provided, however, that no interest shall be paid thereon.

§ 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding two new clauses (xlvi) and (xlvii) to read as follows:

<u>(xlvi) Alternative fuels</u>	<u>Amount of credit</u>
<u>credit under subsection</u>	<u>under subdivision</u>
<u>(p-1)</u>	<u>fifty-five of</u>
	<u>section two hundred ten-B</u>

<u>(xlvii) Alternative fuel credit</u>	<u>Amount of credit</u>
<u>for installation or</u>	<u>under subdivision</u>
<u>conservation of fueling</u>	<u>fifty-six of section</u>
<u>stations under subsection</u>	<u>two hundred ten-B</u>

§ 5. Section 210-B of the tax law is amended by adding two new subdivisions 55 and 56 to read as follows:

55. Alternative fuels credit. (a) General. A taxpayer shall be allowed a credit, to be computed as hereinafter provided, against the tax imposed by this article, for fuel flexible vehicles and qualified hybrids. Provided, however, that the credit provided for by this subsection with respect to fuel flexible vehicles shall not be allowed to a gas corporation or electric corporation as defined in subdivisions eleven and thirteen of section two of the public service law, or a gas and electric corporation as described in section sixty-four of the public service law, where such corporation is subject to the supervision of the department of public service.

(b) Fuel flexible vehicles and qualified hybrid vehicles. The credit under this subdivision for fuel flexible vehicles and qualified hybrid vehicles shall equal five hundred dollars per vehicle registered in this state.

(c) Definitions. (i) The term "fuel flexible vehicle" means a vehicle, which is equipped to use alternative fuel as defined in subdivision eleven of section three hundred fifty-one of the public authorities law.

1 (ii) The term "qualified hybrid vehicle" shall have the same meaning
2 as provided for under subparagraph (B) of paragraph three of subsection
3 (p-1) of section six hundred six of this chapter.

4 (d) Carryovers. In no event shall the credit under this subdivision be
5 allowed in an amount which will reduce the tax payable to less than the
6 higher of the amounts prescribed in paragraph (d) of subdivision one of
7 section two hundred ten of this article. Provided, however, that if the
8 amount of credit allowable under this subdivision for any taxable year
9 reduces the tax to such amount, any amount of credit not deductible in
10 such taxable year may be carried over to the following year or years and
11 may be deducted from the taxpayer's tax for such year or years.

12 (e) Credit recapture. (i) If, within three full years from the date a
13 qualified hybrid vehicle is placed in service ceases to be qualified, a
14 recapture amount must be added back in the tax year in which such cessa-
15 tion occurs.

16 (ii) A qualified hybrid vehicle ceases to be qualified if:

17 (A) it is modified by the taxpayer so that it no longer meets the
18 requirements of a qualified hybrid vehicle as defined in subparagraph
19 (B) of paragraph three of subsection (p-1) of section six hundred six of
20 this chapter; or

21 (B) the taxpayer receiving the credit under this subsection sells or
22 disposes of the vehicle and knows or has reason to know that the vehicle
23 will be so modified.

24 (iii) Recapture amount. The recapture amount is equal to the credit
25 allowable under this subdivision multiplied by a fraction, the numerator
26 of which is the total recovery period for the property minus the number
27 of recovery years prior to, but not including, the recapture year, and
28 the denominator of which is the total recovery period.

29 (f) Termination. This subdivision shall not apply to property placed
30 in service in taxable years beginning after December thirty-first, two
31 thousand twenty-two.

32 56. Alternative fuel credit for installation or conversion of fueling
33 stations. (a) Allowance of credit. A taxpayer shall be allowed a credit,
34 to be computed as hereinafter provided, against the tax imposed by this
35 article for the cost of installation construction, reconstruction or
36 acquisition of an alternative fuel refueling facility that is directly
37 attributable to the storage, compression, charging or dispensing of
38 alternative fuels to motor vehicles. The income tax credit shall be
39 thirty percent of the costs associated with such expenses.

40 (b) Application of credit. The credit allowed under this subdivision
41 for any taxable year shall not reduce the tax due for such year to less
42 than the amount described in paragraph (d) of subdivision one of section
43 two hundred ten of this article. If the amount of the credit allowable
44 under this subdivision for any taxable year exceeds the taxpayer's tax
45 for such year, fifty percent of the excess shall be treated as an over-
46 payment of tax to be credited or refunded as provided in section six
47 hundred eighty-six of this chapter, provided, however, that no interest
48 shall be paid thereon. The balance of such credit not credited or
49 refunded in such taxable year may be carried over to the immediately
50 succeeding taxable year and may be deducted from the taxpayer's tax for
51 such year. The excess, if any, of the amount of the credit over the tax
52 for such succeeding year shall be treated as an overpayment of tax to be
53 credited or refunded as provided in section six hundred eighty-six of
54 this chapter, provided, however, that no interest shall be paid thereon.

55 § 6. The tax law is amended by adding two new sections 187-q and 187-r
56 to read as follows:

1 § 187-q. Alternative fuels credit. 1. General. A taxpayer shall be
2 allowed a credit, to be credited against the taxes imposed under
3 sections one hundred eighty-three, and one hundred eighty-four of this
4 article. Such credit, to be computed as hereinafter provided, shall be
5 allowed for fuel flexible and hybrid vehicles placed in service during
6 the taxable year. Provided, however, that the amount of such credit
7 allowable against the tax imposed by section one hundred eighty-four of
8 this article shall be the excess of the credit allowed by this section
9 over the amount of such credit allowable against the tax imposed by
10 section one hundred eighty-three of this article.

11 2. Fuel flexible and hybrid vehicles. The credit under this subdivi-
12 sion for fuel flexible and qualified hybrid vehicles shall equal five
13 hundred dollars per vehicle registered in this state.

14 3. Definitions. (a) The term "fuel flexible vehicle" means a vehicle,
15 which is equipped to use alternative fuel as defined in subdivision
16 eleven of section three hundred fifty-one of the public authorities law.

17 (b) The term "qualified hybrid vehicle" shall have the same meaning as
18 provided for in subparagraph (B) of paragraph three of subsection (p-1)
19 of section six hundred six of this chapter.

20 4. Carryovers. In no event shall the credit under this section be
21 allowed in an amount which will reduce the tax payable to less than the
22 applicable minimum tax fixed by section one hundred eighty-three of this
23 article. If, however, the amount of credit allowable under this section
24 for any taxable year reduces the tax to such amount, any amount of cred-
25 it not deductible in such taxable year may be carried over to the
26 following year or years and may be deducted from the taxpayer's tax for
27 such year or years.

28 5. Credit recapture. (a) If, within three full years from the date a
29 qualified hybrid vehicle is placed in service ceases to be qualified, a
30 recapture amount must be added back in the tax year in which such cessa-
31 tion occurs.

32 (b) A qualified hybrid vehicle ceases to be qualified if:

33 (i) it is modified by the taxpayer so that it no longer meets the
34 requirements of a qualified hybrid vehicle as defined in subparagraph
35 (B) of paragraph three of subsection (p-1) of section six hundred six of
36 this chapter, or

37 (ii) the taxpayer receiving the credit under this section sells or
38 disposes of the vehicle and knows or has reason to know that the vehicle
39 will be so modified.

40 (c) The recapture amount is equal to the credit allowable under this
41 section.

42 6. Termination. This section shall not apply to property placed in
43 service in taxable years beginning after December thirty-first, two
44 thousand twenty-two.

45 § 187-r. Alternative fuel credit for installation or conversion of
46 fueling stations. (1) Allowance of credit. A taxpayer shall be allowed a
47 credit, to be computed as hereinafter provided, against the tax imposed
48 by this article for the cost of installation construction, recon-
49 struction or acquisition of an alternative fuel refueling facility that
50 is directly attributable to the storage, compression, charging or
51 dispensing of alternative fuels to motor vehicles. The income tax cred-
52 it shall be thirty percent of the costs associated with such expenses.

53 (2) Application of credit. If the amount of the credit allowable under
54 this section for any taxable year exceeds the taxpayer's tax for such
55 year, fifty percent of the excess shall be treated as an overpayment of
56 tax to be credited or refunded as provided in section six hundred eight-

y-six of this chapter, provided, however, that no interest shall be paid thereon. The balance of such credit not credited or refunded in such taxable year may be carried over to the immediately succeeding taxable year and may be deducted from the taxpayer's tax for such year. The excess, if any, of the amount of the credit over the tax for such succeeding year shall be treated as an overpayment of tax to be credited or refunded as provided in section six hundred eighty-six of this chapter, provided, however, that no interest shall be paid thereon.

§ 7. The public authorities law is amended by adding a new section 1884 to read as follows:

§ 1884. Alternative fuel grants. The New York state energy research and development authority shall:

1. Oversee and promote research and development regarding fuel diversification and energy efficiency in the transportation sector; and

2. Provide grants for the creation of a cellulosic ethanol refinery.

§ 8. Subdivision 10 of section 354 of the public authorities law, as amended by section 2 of part TT of chapter 54 of the laws of 2016, is amended to read as follows:

10. To construct, reconstruct or improve on or along the thruway system in the manner herein provided, suitable facilities for gas stations, restaurants, and other facilities for the public, or to lease the right to construct, reconstruct or improve and operate such facilities; such facilities shall be publicly offered for leasing for operation, or the right to construct, reconstruct or improve and operate such facilities shall be publicly offered under rules and regulations to be established by the authority, provided, however, that lessees operating such facilities at the time this act becomes effective, may reconstruct or improve them or may construct additional like facilities, in the manner and upon such terms and conditions as the board shall determine; and provided further, however, that such facilities constructed, reconstructed or improved on or along the canal system shall be consistent with the canal recreationway plan approved pursuant to section one hundred thirty-eight-c of the canal law and former section three hundred eighty-two of this title; and provided further, that each such facility which contains or consists of a gas station shall include a facility for selling to the public alternative fuel, as defined in section three hundred fifty-one of this article.

§ 9. Section 351 of the public authorities law is amended by adding a new subdivision 11 to read as follows:

11. The term "alternative fuel" shall mean ethanol, methanol, natural gas, propane, electricity (including electricity from solar energy), hydrogen, and any other fuel identified which is substantially not petroleum-based, which is consistent with the goals of protecting the safety and health of the public and minimizing emissions of air pollutants, and which is consistent with any applicable federal alternative fuel requirements.

§ 10. The sum of eighty-two million dollars (\$82,000,000), or so much thereof as may be necessary, is hereby appropriated as follows: thirty million dollars for research and development in regards to fuel diversification and energy efficiency in the transportation sector; twenty-seven million dollars for the installation of alternative fueling stations at each of the twenty-seven travel plazas on the New York state thruway; twenty million dollars for a cellulosic ethanol refinery; and five million dollars for administrative costs borne by the department of taxation and finance and the New York state energy research and development authority to the department of taxation and finance; out of moneys

1 in the state treasury in the general fund to the credit of the alterna-
2 tive fuel incentive fund, not otherwise appropriated, and made imme-
3 diately available, for the purpose of carrying out the provisions of
4 this act. Such moneys shall be payable on the audit and warrant of the
5 comptroller on vouchers certified or approved in the manner prescribed
6 by law.

7 § 11. This act shall take effect on the one hundred eightieth day
8 after it shall have become a law. Effective immediately, the addition,
9 amendment and/or repeal of any rule or regulation necessary for the
10 implementation of this act on its effective date are authorized to be
11 made and completed on or before such effective date.