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## Legislation would reward fuel efficiency, cleaner emissions

**NATHAN JOHNSON** - Daily Herald

Smoggy skies may be clearing up as Utah legislators move forward with new car emissions and fuel efficiency tax credits -- and with the same stroke of the pen they've managed to give Utah schools a \$36,000 boost.

House Bill 122 has gone through massive reconstructive surgery in past weeks. The bill passed the House on Thursday after the going through four different versions in committee.

The original bill took approximately \$200,000 from the Uniform School Fund to pay for clean vehicle tax credits. After days of work by representatives, the form of the bill passed by the House will actually increase revenue to the Uniform School Fund by \$36,000 while still offering expansive tax credits.

The fiscal 180-degree turn was done by closing loopholes in the existing tax credit code. Under current statute, the state had been giving tax credits to used vehicles which often perform no better than standard passenger cars sold today, said the bill's sponsor, Rep. Rosalind McGee, D-Salt Lake City.

The loophole is found in Utah's existing clean vehicle tax credit, wherein used vehicles qualify for half of the cost of the clean fuel technology used in the vehicle. These technologies can be quite costly, sometimes worth more than the value of the car, according to Glade Sowards of the Utah Division of Air Quality. Sowards said that this loophole accounted for about \$678,000 in tax credits.

Utah's new clean air tax incentives are set up to go to vehicles that meet high fuel efficiency and emissions standards, as opposed to the current statute which offers breaks for vehicles that use specific fuels.

The current tax credit law specifically enumerates the types of vehicles that are eligible for state tax breaks. This, according to McGee, defeats the purpose of the tax incentives, making vehicles that are in the pipelines ineligible for the tax credits. By having the new law set standards for emissions and fuel efficiency, she said, future vehicles with new technologies and new fuels will not be excluded from the tax credit. This will mean that, unlike previous state credits, drivers of hybrid vehicles will have access to these incentives.

Despite the closure of the loophole, used cars can qualify for tax breaks for being clean. In order to qualify, used vehicles will have to have been converted by their owner after they're manufactured.

The new law also will eliminate the \$80 clean vehicle certificate, which owners of fuel efficient vehicles purchased in lieu of paying gasoline taxes at the pump. The certificate was intended to have those who use less fuel help contribute to the cost of road upkeep. The Utah Tax Commission, however, said that it was practically impossible to enforce people purchasing these certificates.

The credit will be worth \$1,000 for vehicles meeting standards, and up to \$5,000 for heavy vehicles, such as buses, which meet the new standards. Sowards said that the tax credit is expected to be given for about 1,200 vehicles. The bill will take effect Jan 1, 2008. It passed the House by a unanimous vote, and it now moves to the Senate for consideration.