

1 SB294
2 149757-2
3 By Senator Ward
4 RFD: Energy and Natural Resources
5 First Read: 05-MAR-13

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8 SYNOPSIS: This bill would provide for The Alabama
9 Alternative Fuel Policy Act of 2013. This bill
10 would encourage the use of motor vehicles powered
11 by compressed natural gas, electricity, fuel cells,
12 hybrid technology, liquefied natural gas, or
13 propane by a series of incentives for the
14 acquisition of such vehicles and for the
15 installation of refueling equipment for certain
16 fuels. This bill would also encourage the in-state
17 production of biodiesel and cellulosic biofuels.

18 This bill would make legislative findings.

19 This bill would create an incentive for the
20 in-state production of biodiesel and cellulosic
21 biofuels, in an amount to be paid quarterly in a
22 program administered by the Center for Alternative
23 Fuels within the Department of Agriculture and
24 Industries. The payments made under this provision
25 would expire after five years.

1 This bill would limit the liability of
2 providers of refueling equipment used by certain
3 alternative fuel vehicles.

4 This bill would exempt certain alternative
5 fuel vehicles from the payment of tolls on toll
6 roads, bridges, and tunnels owned by the Alabama
7 Toll Road, Bridge, and Tunnel Authority.

8 This bill would allow the Department of
9 Transportation to designate certain roads as high
10 occupancy vehicle (HOV) lanes, subject to federal
11 limitations, and would allow certain alternative
12 fuel and other vehicles to use such lanes. This
13 would impose penalties for the unauthorized use of
14 such lanes.

15 This bill would provide that no person would
16 be required to install electric vehicle charging
17 stations. This bill would provide that providers of
18 electric vehicle charging stations would not,
19 merely for that reason, be found to be engaging in
20 the retail sale of electricity. This bill would
21 provide that the Public Service Commission would
22 have no jurisdiction over the rates, charges, and
23 fees for services provided or the terms and
24 conditions of service provided at electric vehicle
25 charging stations.

26 This bill would allow for an income tax
27 credit of no more than \$1,500 for certain

1 alternative fuel vehicles, limited to no more than
2 5,000 vehicles per fuel type. This bill would allow
3 an income tax credit for placing in service
4 refueling equipment for certain alternative fuel
5 vehicles, limited to the lower of 30 percent of the
6 cost of such equipment, or dollar limits based on
7 the type of fuel. As to both credits, unused
8 credits could be carried forward for five years.
9 Both credits would expire five years after the
10 effective date of the provisions.

11 To effectuate the duties prescribed herein,
12 this bill would make an appropriation from the
13 State General Fund to the Center for Alternative
14 Fuels for the fiscal year ending September 30,
15 2013, and for each of the next five fiscal years.

16 This bill would allow the various
17 departments, agencies, and centers with
18 administrative duties to promulgate regulations to
19 implement this bill, would provide for the
20 severance of invalid or unconstitutional
21 provisions, and would provide an effective date.

22
23 A BILL
24 TO BE ENTITLED
25 AN ACT
26

1 Relating to motor vehicles powered by compressed
2 natural gas, electricity, fuel cells, hybrid technology,
3 liquefied natural gas, or propane; to provide for the Alabama
4 Alternative Fuel Policy Act of 2013; to encourage the use of
5 such vehicles; to provide certain income tax credits and other
6 incentives for the acquisition of such vehicles and for the
7 installation of refueling equipment for certain fuel types; to
8 encourage the in-state production of biodiesel and cellulosic
9 biofuels; to make legislative findings; to create an incentive
10 for the in-state production of biodiesel and cellulosic
11 biofuels, in an amount to be paid quarterly in a program
12 administered by the Center for Alternative Fuels within the
13 Department of Agriculture and Industries; to provide that such
14 payments would expire after five years; to limit the liability
15 of providers of refueling equipment used by certain
16 alternative fuel vehicles; to amend Section 23-2-150, Code of
17 Alabama 1975, to exempt certain alternative fuel vehicles from
18 the payment of tolls on toll roads, bridges, and tunnels owned
19 by the Alabama Toll Road, Bridge, and Tunnel Authority; to
20 allow the Department of Transportation to designate certain
21 roads as high occupancy vehicle (HOV) lanes, subject to
22 federal limitations; to allow certain alternative fuel and
23 other vehicles to use such lanes; to impose penalties for the
24 unauthorized use of such lanes; to provide that no person
25 would be required to install electric vehicle charging
26 stations; to provide that providers of electric vehicle
27 charging stations would not, merely for that reason, be found

1 to be engaging in the retail sale of electricity; to provide
2 that the Public Service Commission would have no jurisdiction
3 over the rates, charges, and fees for services provided or the
4 terms and conditions of service provided at electric vehicle
5 charging stations; to allow for an income tax credit of no
6 more than \$1,500 for certain alternative fuel vehicles,
7 limited to no more than 5,000 vehicles per fuel type; to allow
8 an income tax credit for placing in service refueling
9 equipment for certain alternative fuel vehicles, limited to
10 the lower of 30 percent of the cost of such equipment, or
11 dollar limits based on the type of fuel; to provide that, as
12 to both income tax credits, unused credits could be carried
13 forward for five years; to provide that both credits would
14 expire five years after the effective date of the provisions;
15 to make an appropriation from the State General Fund to the
16 Center for Alternative Fuels for the fiscal year ending
17 September 30, 2013, and for each of the next five fiscal
18 years; to allow the various departments, agencies, and centers
19 with administrative duties to promulgate regulations to
20 implement this bill; to provide for the severance of invalid
21 or unconstitutional provisions; and to provide an effective
22 date.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) This act shall be known as and may be
25 cited as "The Alabama Alternative Fuel Policy Act of 2013."

26 (b) The Legislature makes the following findings:

1 (1) It is in the best interest of the state to
2 encourage the use of compressed natural gas, electricity, fuel
3 cells, hybrid technology, liquefied natural gas, or propane to
4 power vehicles within the state.

5 (2) New technologies require monetary and other
6 incentives for the purchase of such vehicles and the
7 installation of refueling stations for such vehicles.

8 (3) It is in the best interest of the state to
9 encourage the production of biodiesel and cellulosic biofuels
10 in the state, both as an economic development incentive and to
11 lower the price of those fuels in Alabama.

12 Section 2. A new Chapter 33 is added to Title 2,
13 Code of Alabama 1975, to read as follows:

14 Chapter 33. Incentives For The Use Of Vehicles Using
15 Alternative and Renewable Fuels And Technologies.

16 §2-33-1.

17 As used in this chapter, the following terms shall
18 have the following meanings:

19 (1) BIODIESEL. A diesel fuel substitute for motor
20 vehicle fuel which is derived from non-petroleum renewable
21 resources and any blending components derived from non-
22 petroleum renewable resources, provided that only the
23 renewable fuel portion of any such blending component shall be
24 considered part of the applicable volume, and further provided
25 that the fuel meets the appropriate American Society of
26 Testing and Materials Standards (ASTM).

1 (2) BIODIESEL PAYMENT AMOUNT. For any given quarter,
2 nine hundred thousand dollars (\$900,000).

3 (3) CELLULOSIC BIOFUELS. As determined by the Center
4 for Alternative Fuels in consultation, as needed, with various
5 federal and state energy and environmental officials, an
6 ethanol, butanol, gasoline, diesel, or similar fuel for motor
7 vehicle fuel which is derived from cellulose, hemicellulose,
8 or lignine that is available on a renewable or recurring
9 basis, provided that the fuel meets the appropriate American
10 Society of Testing and Materials Standards (ASTM).

11 (4) CELLULOSIC BIOFUELS PAYMENT AMOUNT. For any
12 given quarter, one million two hundred fifty thousand dollars
13 (\$1,250,000), less the amount actually paid during the
14 immediately preceding quarter pursuant to Section
15 2-33-2(b)(8).

16 (5) CENTER FOR ALTERNATIVE FUELS. The Center for
17 Alternative Fuels, as established within the Department of
18 Agriculture and Industries by Article 5, commencing with
19 Section 2-2-90, of Chapter 2 of this title.

20 (6) COMMERCIAL PRODUCER. A person who has the
21 capacity to produce at least 10 million gallons per year of
22 biodiesel or cellulosic biofuels at a facility in Alabama and
23 who has made capital improvements or investments in such
24 facility totaling at least ten million dollars (\$10,000,000).

25 (7) PERSON. The meaning ascribed to such term in
26 Section 40-18-1.

1 (8) QUARTERS. Those three-month periods beginning on
2 the 1st day of January, April, July, and October.

3 §2-33-2.

4 (a) The Center for Alternative Fuels, also referred
5 to herein as the center, is authorized to make quarterly
6 payments to commercial producers for the production of
7 biodiesel or cellulosic biofuels in Alabama as provided in
8 this section.

9 (b) (1) Each commercial producer of biodiesel who
10 wishes to receive payments under this section shall file an
11 application with the center, on a form prescribed by the
12 center, showing the number of gallons of Alabama biodiesel
13 which the commercial producer expects in good faith to sell in
14 the upcoming quarter. The applications required by this
15 subdivision shall be due at the center on the 15th day of
16 December, March, June, and July for the respective quarters
17 beginning on the 1st day of January, April, July, and October.

18 (2) Following the due date for applications provided
19 in subdivision (1), the center shall divide the biodiesel
20 payment amount by the aggregate number of gallons of Alabama
21 biodiesel which was shown on all of the applications timely
22 filed pursuant to subdivision (1).

23 (3) The minimum amount which shall be paid for each
24 gallon of biodiesel produced by each commercial producer who
25 timely filed an application pursuant to subdivision (1) shall
26 be the lesser of twenty cents (\$0.20) per gallon, or the
27 amount determined in subdivision (2).

1 (4) The center shall post on its website the amount
2 determined in subdivision (3), a list of the commercial
3 producers who filed applications pursuant to subdivision (1),
4 and the gallons of Alabama biodiesel each commercial producer
5 expects in good faith to sell in the quarter.

6 (5) Following the close of a quarter, each
7 commercial producer of biodiesel who timely filed an
8 application pursuant to subdivision (1) shall file a report
9 with the center, on a form prescribed by the center, showing
10 the number of gallons of Alabama biodiesel which the
11 commercial producer actually sold in the quarter. No
12 commercial producer shall report any sales which exceed the
13 number of gallons of biodiesel reported by the commercial
14 producer on the application filed pursuant to subdivision (1).
15 The reports prescribed by this subdivision shall be due at the
16 center on the 15th day of April, July, October, and January
17 for the respective quarters beginning on the 1st day of
18 January, April, July, and October.

19 (6) Following the due date for the reports provided
20 in subdivision (5), the center shall divide the biodiesel
21 payment amount by the aggregate number of gallons of biodiesel
22 which was shown on all of the reports properly filed pursuant
23 to subdivision (5).

24 (7) The amount which shall actually be paid for each
25 gallon of biodiesel sold by each commercial producer who
26 timely filed a report pursuant to subdivision (5) shall be the

1 lesser of twenty cents (\$0.20) per gallon, or the amount
2 determined in subdivision (6).

3 (8) The center shall post on its website the amount
4 determined in subdivision (7), a list of the commercial
5 producers who timely filed reports pursuant to subdivision
6 (5), the gallons of Alabama biodiesel they actually sold, and
7 the amount to be paid to each commercial producer. The center
8 shall make the payments to the commercial producers of
9 biodiesel by the last day of April, July, October, and January
10 for the respective quarters beginning on the 1st day of
11 January, April, July, and October.

12 (9) No commercial producer shall receive any payment
13 for biodiesel which is not produced in Alabama by the
14 commercial producer, which is sold to a person related to the
15 commercial producer, or which is sold for use outside the
16 United States.

17 (c)(1) Each commercial producer of cellulosic
18 biofuels who wishes to receive payments under this section
19 shall file an application with the center, on a form
20 prescribed by the center, showing the number of gallons of
21 Alabama cellulosic biofuels which the commercial producer
22 expects in good faith to sell in the upcoming quarter. The
23 applications required by this subdivision shall be due at the
24 center on the 15th day of December, March, June, and July for
25 the respective quarters beginning on the 1st day of January,
26 April, July, and October.

1 (2) Following the due date for applications provided
2 in subdivision (1), the center shall divide the cellulosic
3 biofuels payment amount by the aggregate number of gallons of
4 Alabama cellulosic biofuels which was shown on all of the
5 applications timely filed pursuant to subdivision (1).

6 (3) The minimum amount which shall be paid for each
7 gallon of cellulosic biofuels produced by each commercial
8 producer who timely filed an application pursuant to
9 subdivision (1) shall be the lesser of twenty cents (\$0.20)
10 per gallon, or the amount determined in subdivision (2).

11 (4) The center shall post on its website the amount
12 determined in subdivision (3), a list of the commercial
13 producers who filed applications pursuant to subdivision (1),
14 and the gallons of Alabama cellulosic biofuels each commercial
15 producer expects in good faith to sell in the quarter.

16 (5) Following the close of a quarter, each
17 commercial producer of cellulosic biofuels who timely filed an
18 application pursuant to subdivision (1) shall file a report
19 with the center, on a form prescribed by the center, showing
20 the number of gallons of Alabama cellulosic biofuels which the
21 commercial producer actually sold in the quarter. No
22 commercial producer shall report any sales which exceed the
23 number of gallons of cellulosic biofuels reported by the
24 commercial producer on the application filed pursuant to
25 subdivision (1). The reports prescribed by this subdivision
26 shall be due at the center on the 15th day of April, July,

1 October, and January for the respective quarters beginning on
2 the 1st day of January, April, July, and October.

3 (6) Following the due date for the reports provided
4 in subdivision (5), the center shall divide the cellulosic
5 biofuels payment amount by the aggregate number of gallons of
6 cellulosic biofuels which was shown on all of the reports
7 properly filed pursuant to subdivision (5).

8 (7) The amount which shall actually be paid for each
9 gallon of cellulosic biofuels sold by each commercial producer
10 who timely filed a report pursuant to subdivision (5) shall be
11 the lesser of twenty cents (\$0.20) per gallon, or the amount
12 determined in subdivision (6).

13 (8) The center shall post on its website the amount
14 determined in subdivision (7), a list of the commercial
15 producers who timely filed reports pursuant to subdivision
16 (5), the gallons of Alabama cellulosic biofuels they actually
17 sold, and the amount to be paid to each commercial producer.
18 The center shall make the payments to the commercial producers
19 of cellulosic biofuels by the last day of April, July,
20 October, and January for the respective quarters beginning on
21 the 1st day of January, April, July, and October.

22 (9) No commercial producer shall receive any payment
23 for cellulosic biofuels which is not produced in Alabama by
24 the commercial producer, which is sold to a person related to
25 the commercial producer, or which is sold for use outside the
26 United States.

1 (d) A commercial producer who submits an application
2 pursuant to this section for any given quarter is under no
3 obligation to submit an application pursuant to this section
4 for any other quarter.

5 (e) The payments provided for in this chapter shall
6 not be subject to state, county, or municipal taxation,
7 whether based on income, gross receipts, or some other
8 measure.

9 (f) The payments provided for in this chapter are
10 available only during the five-year period beginning on the
11 effective date of this chapter.

12 Section 3. A new Section 6-5-345 is added to Article
13 18, commencing with Section 6-5-330, of Chapter 5 of Title 6,
14 Code of Alabama 1975, to read as follows:

15 §6-5-345.

16 Notwithstanding any provision of law to the
17 contrary, including Sections 6-5-500 to 6-5-525 and Section
18 7-2-101 et seq., no person who provides stationary refueling
19 equipment for permitted vehicles, as such terms are defined in
20 Section 40-18-351, whether with or without cost, shall be
21 subject to civil liability or criminal prosecution as a result
22 of his or her acts or omissions arising out of the provision
23 of such equipment, so long as such equipment complied with any
24 building codes applicable to the installation of such
25 equipment and was installed in a proper, safe, and workmanlike
26 manner.

1 Section 4. Section 23-2-150, Code of Alabama 1975,
2 is amended to read as follows:

3 "§23-2-150.

4 "The authority is hereby authorized to fix, revise,
5 charge, and collect tolls for the use of each toll road,
6 bridge or tunnel project and the different parts or sections
7 thereof, and to contract with, or to lease to or from, any
8 person, partnership, association or corporation desiring the
9 use of any part thereof, including the right-of-way adjoining
10 the paved portion of approaches and access highways, streets
11 or roads for placing thereon telephone, telegraph, electric
12 light or power lines or pipe lines for gas and water or for
13 petroleum products or for any other purpose except for tracks
14 for railroad or railway use and to fix the terms, conditions,
15 rents, and rates of charges for such use. Tolls shall be so
16 fixed and adjusted as to carry out and perform the terms and
17 provisions of any contract with or for the benefit of
18 bondholders. Tolls shall not be subject to supervision or
19 regulation by any other commission, board, bureau or agency of
20 the state. The use and disposition of tolls and revenues shall
21 be subject to the provisions of the resolution authorizing the
22 issuance of such bonds or of the trust agreement securing the
23 bond issue. Notwithstanding any provision in this article, the
24 authority shall not charge a toll for any vehicle which bears
25 the decal provided for by Section 32-5A-340; provided,
26 however, that this exemption shall apply to a toll road,
27 bridge, or tunnel project in service as of the effective date

1 of the act adding this amendatory language only upon the
2 retirement or refunding of the bonded indebtedness outstanding
3 on the effective date of the act adding this amendatory
4 language."

5 Section 5. A new Article 17 is added to Chapter 5A
6 of Title 32, Code of Alabama 1975, to read as follows:

7 Article 17. High Occupancy Vehicle.

8 §32-5A-360.

9 (a) As used in this section, "HOV lane" shall mean a
10 lane of a public roadway designated as a high occupancy
11 vehicle lane by the Department of Transportation.

12 (b) The Department of Transportation may designate
13 any travel lane on any road in the state highway system as an
14 HOV lane; provided, however, that where such designation has
15 been made, the road shall be appropriately marked with traffic
16 signs or other roadway markers or markings to inform the
17 traveling public of the existence of such HOV lane and of the
18 restrictions imposed.

19 (c) The Department of Transportation, by rule or
20 regulation, may determine the types of vehicles that are
21 allowed to use HOV lanes because of the reduced emissions of
22 the vehicles or because of the type of fuel used to power the
23 vehicles; provided that such regulations shall comply with 23
24 U.S.C. Section 166 and the regulations promulgated thereunder.
25 In furtherance thereof, the following shall be applicable:

26 (1) The department shall issue a decal and
27 registration certificate, to be renewed annually, reflecting

1 the HOV lane designation on such vehicles and may charge a
2 fee, as determined by regulation, which shall not exceed the
3 costs of designing, producing, and distributing each decal, or
4 five dollars (\$5), whichever is less.

5 (2) In promulgating such regulations, the department
6 shall encourage, to the full extent allowed by federal law,
7 the use of low emission and energy efficient vehicles and
8 inherently low emission vehicles.

9 (d) Except as provided in subsection (e), no person
10 may operate a vehicle in an HOV lane if the vehicle is
11 occupied by fewer than the number of occupants indicated by a
12 traffic sign or other roadway marker or marking.

13 (e) As to vehicles which are allowed to be operated
14 in an HOV lane pursuant to subsection (c), no person may
15 operate such a vehicle in an HOV lane if the vehicle fails to
16 display the decal required by subsection (c).

17 (f) The department may issue rules or regulations to
18 implement this article. The department shall finalize the
19 rules or regulations provided in subsection (c), and shall
20 make available the decals provided in subsection (c) within
21 180 days of the effective date of this article; provided,
22 however, that this sentence shall not prevent the department
23 from thereafter making amendments to such rules or
24 regulations.

25 Section 6. A new Article 7 is added to Chapter 4,
26 Title 37, Code of Alabama 1975, to read as follows:

27 Article 7. Electric Vehicle Charging Stations.

1 §37-4-160.

2 (a) For purposes of this article, the following
3 terms shall have the following meanings:

4 (1) COMMISSION. The Public Service Commission
5 established by this title.

6 (2) ELECTRIC SUPPLIER. Any municipality, municipally
7 owned utility, or other governmental entity, any cooperative,
8 corporation, person, firm, association, or other entity
9 engaged in the business of supplying electric service at
10 retail.

11 (3) ELECTRIC VEHICLE. A motor vehicle with at least
12 four wheels which:

13 a. Is manufactured primarily for use on public
14 streets, roads, and highways.

15 b. Is rated at not more than 26,000 pounds unloaded
16 gross vehicle weight.

17 c. Is propelled to a significant extent by an
18 electric motor which draws electricity from a battery which
19 has a capacity of not less than four kilowatt hours and is
20 capable of being recharged from an external source of
21 electricity.

22 (4) ELECTRIC VEHICLE CHARGING STATION. Equipment
23 which is used by the public for the sole use of recharging of
24 electric vehicles, including an electric vehicle charging
25 station, an electric recharging point, an electric charging
26 point, electric vehicle supply equipment, or electric vehicle
27 charging equipment; provided that the phrase "electric vehicle

1 charging station" shall not include any such equipment that is
2 situated at a residence, single family apartment, business
3 office, or other location to which the public generally does
4 not have access, and such equipment is not otherwise made
5 available for use by the public for the recharging of electric
6 vehicles.

7 (b) The installation of electric vehicle charging
8 stations is voluntary. No business entity, corporation,
9 municipality, county, public utility, or other person shall be
10 required or mandated to install an electric vehicle charging
11 station.

12 (c) (1) The payment of rates, charges, and fees
13 associated with the use of an electric vehicle charging
14 station operated by a person who is not an electric supplier
15 shall not constitute the sale of electricity if:

16 a. The electric vehicle charging station is being
17 used solely for recharging electric vehicles.

18 b. The person operating the electric vehicle
19 charging station has lawfully procured the furnished
20 electricity used at the station from an electrical supplier.

21 c. The person operating the electric vehicle
22 charging station determines the rates, charges, and fees
23 associated with the use of the station by some measure other
24 than the amount of electricity consumed.

25 (2) The provision of an electric vehicle charging
26 station by an electric supplier shall not affect the utility

1 status of the electric supplier or otherwise bestow utility
2 status on such supplier.

3 (3) The provision of electricity by an electric
4 supplier to a person operating an electric vehicle charging
5 station shall not constitute the wholesale sale of
6 electricity, but rather shall constitute the retail sale of
7 electricity for end use and, as otherwise permitted by this
8 title and the laws of Alabama, shall be subject to the
9 jurisdiction of the commission.

10 (d) The commission shall have no jurisdiction over
11 the rates, charges, and fees for services provided or the
12 terms and conditions of service provided at electric vehicle
13 charging stations in accordance with the provisions of this
14 article.

15 Section 7. A new Article 15 is added to Chapter 18
16 of Title 40, Code of Alabama 1975, to read as follows:

17 Article 15. Tax Credit for Certain Alternative Fuel
18 or Renewable Fuel Vehicle and Refueling Stations.

19 §40-18-350.

20 (a) As used in this section, the following terms
21 shall have the following meanings:

22 (1) CNG ENGINE. A motor powered by compressed
23 natural gas.

24 (2) ELECTRIC ENGINE. A motor which draws electricity
25 from a battery which has a capacity of not less than four
26 kilowatt hours and is capable of being recharged from an
27 external source of electricity.

1 (3) FUEL CELL ENGINE. A motor which draws
2 electricity created onboard by hydrogen and a fuel cell.

3 (4) HYBRID ENGINE. A motor which draws energy from
4 onboard sources of stored energy which are both an internal
5 combustion or heat engine using consumable fuel, and a
6 rechargeable energy storage system.

7 (5) INCOME TAX. The tax levied in Article 1 of this
8 chapter.

9 (6) LNG ENGINE. A motor powered by liquefied natural
10 gas.

11 (7) MANUFACTURER. The term has the meaning given in
12 regulations prescribed by the Administrator of the United
13 States Environmental Protection Agency for purposes of the
14 administration of Title II of the Clean Air Act (42 U.S.C. §§
15 7521 et seq.).

16 (8) MODIFIED VEHICLE. A motor vehicle with at least
17 four wheels which:

18 a. Was manufactured primarily for use on public
19 streets, roads, and highways.

20 b. Is owned by the taxpayer.

21 c. Is titled and registered in this state.

22 d. On or after January 1, 2014, is modified in this
23 state by the installation of equipment which is certified by
24 the U.S. Environmental Protection Agency so that the vehicle
25 is propelled to a significant extent by a specified engine.

26 (9) PROPANE ENGINE. A motor powered by propane.

1 (10) QUALIFIED VEHICLE. A motor vehicle with at
2 least four wheels which:

3 a. Is manufactured by a manufacturer.

4 b. Is manufactured primarily for use on public
5 streets, roads, and highways.

6 c. Has not been modified from original manufacturer
7 specifications.

8 d. Has an original use commencing with the taxpayer.

9 e. Is acquired by the taxpayer on or after January
10 1, 2014.

11 f. Is acquired for use or lease by the taxpayer and
12 not for resale.

13 g. Is acquired in this state from a dealer in this
14 state who has previously registered for participation herein
15 with the department.

16 h. Is titled and subject to registration in this
17 state.

18 i. Is propelled to a significant extent by a
19 specified engine.

20 (11) SPECIFIED ENGINE. Any one of the following:

21 a. A CNG engine.

22 b. An electric engine.

23 c. A fuel cell engine.

24 d. A hybrid engine.

25 e. An LNG engine.

26 f. A propane engine.

1 (b) A nonrefundable credit against income tax shall
2 be allowed for the acquisition of a qualified vehicle or the
3 placing in service of a modified vehicle. As to qualified
4 vehicles or modified vehicles, the credit allowed under this
5 section shall equal the lesser of 100 percent of the cost of
6 the qualified vehicle, or the following amount:

7 (1) One thousand five hundred dollars (\$1,500) for
8 qualified vehicles or modified vehicles with a CNG engine,
9 electric engine, fuel cell engine, LNG engine, or propane
10 engine.

11 (2) Three hundred dollars (\$300) for qualified
12 vehicles or modified vehicles with a hybrid engine.

13 (c) The number of annual credits allowed for
14 qualified vehicles and modified vehicles using specified
15 engines shall be as follows:

16 a. 1,000 certificates each for CNG engines, electric
17 engines, hybrid engines, LNG engines, or propane engines.

18 b. 60 certificates for fuel cell engines.

19 If the numerical limits on certificates for any one
20 or more specified engines not be met in any of the five fiscal
21 years during which the credits herein are allowed, the
22 unclaimed certificates may be claimed in a subsequent fiscal
23 year, so long as such subsequent fiscal year is one of the
24 years specified in subsection (f).

25 (d) Upon the acquisition of a qualified vehicle, the
26 taxpayer shall be provided with a certificate from the dealer
27 certifying that the vehicle is eligible for the credit

1 provided in this section. A copy of such certificate shall be
2 submitted by the taxpayer to the department with the annual
3 income tax return or amendment thereof on which the taxpayer
4 claims such credit. Such certificate shall be of a form
5 approved by the department. The department shall post on its
6 website the number of credits remaining for each type of
7 specified engine.

8 (e) If the credit allowed by this section exceeds
9 the amount of income tax otherwise owed, the taxpayer may
10 carry the credit forward to each of the five years following
11 the tax year that the credit was originally to be allowed.
12 Various credits carried forward are considered to be applied
13 in the order of the tax years for which such credits were
14 first allowed, beginning with the credit for the earliest tax
15 year.

16 (f) Except as provided in subsection (e), the credit
17 provided for in this section shall be allowed only during the
18 five-year period beginning on the effective date of this
19 article.

20 (g) The department may promulgate rules and
21 regulations for the administration of this article.

22 Section 8. The following Section 40-18-351 is added
23 to Article 15, Chapter 18 of the Code of Alabama 1975, to read
24 as follows:

25 §40-18-351.

26 (a) As used in this section, the following terms
27 shall have the following meanings:

1 (1) INCOME TAX. The tax levied in Article 1 of this
2 chapter.

3 (2) PERMITTED VEHICLE. A motor vehicle with at least
4 four wheels which:

5 a. Is manufactured primarily for use on public
6 streets, roads, and highways.

7 b. Is propelled to a significant extent by one of
8 the following:

9 1. A motor powered by compressed natural gas,
10 liquefied natural gas, or propane.

11 2. A motor which draws electricity from a battery
12 which has a capacity of not less than four kilowatt hours and
13 is capable of being recharged from an external source of
14 electricity.

15 (3) REFUELING EQUIPMENT. Equipment which supplies
16 fuel or electricity for the refueling or recharging of
17 permitted vehicles.

18 (b) A nonrefundable credit against income tax shall
19 be allowed for the placement in service of refueling
20 equipment, the original use of which commences with the
21 taxpayer. The credit allowed under this section shall equal
22 the lesser of 30 percent of the cost of the refueling
23 equipment or the following:

24 (1) For refueling equipment for compressed natural
25 gas, five thousand dollars (\$5,000).

26 (2) For refueling equipment for liquefied natural
27 gas, five thousand dollars (\$5,000).

1 (3) For refueling equipment for propane, two
2 thousand dollars (\$2,000).

3 (4) For refueling equipment for electricity, five
4 hundred dollars (\$500).

5 (c) If the credit allowed by this section exceed the
6 amount of income tax otherwise owed, the taxpayer may carry
7 the credit forward to each of the five years following the tax
8 year that the credit was originally to be allowed. Various
9 credits carried forward are considered to be applied in the
10 order of the tax years for which such credits were first
11 allowed, beginning with the credit for the earliest tax year.

12 (d) Except as provided in subsection (c), the credit
13 provided for in this section shall be allowed only during the
14 five-year period beginning on the effective date of this
15 article.

16 (e) The department may promulgate rules and
17 regulations for the administration of this article.

18 Section 9. There is hereby appropriated from the
19 State General Fund to the Center for Alternative Fuels the sum
20 of fifty thousand dollars (\$50,000) for the fiscal year ending
21 September 30, 2013, and the sum of one hundred fifty thousand
22 dollars (\$150,000) for each of the next five fiscal years so
23 that the Center for Alternative Fuels, as established by
24 Section 2-2-90, Code of Alabama 1975, may implement the duties
25 delegated to it pursuant to this act.

1 Section 10. The Department of Transportation and
2 Alabama Department of Revenue may promulgate necessary rules
3 and regulations for the implementation of this act.

4 Section 11. Sections 2 and 8 of this act shall take
5 effect on October 1, 2013. Section 5 of this act shall take
6 effect on the first day of the second full month following
7 this act's passage and approval by the Governor, or upon its
8 otherwise becoming law. Section 7 of this act shall take
9 effect on January 1, 2014. All other sections of this act
10 shall become effective immediately upon its passage and
11 approval by the Governor, or upon its otherwise becoming law.