

State of Rhode Island - Division of Taxation

Tax Credits/Deductions

Regulation CR 99-11

Alternative Fueled Vehicle and Filling Station Credit

I. GENERAL

A fifty percent (50%) credit against the Business Corporation Tax (R.I.G.L. 44-11), Personal Income Tax (R.I.G.L. 44-30) or Public Service Corporation Tax (R.I.G.L. 44-13) is available for a taxpayer that:

- (1) incurs costs for capital, labor and equipment directly for the construction of any filling station or improvements to any existing filling station in order to provide alternative fuel or for the construction of any recharging station or improvements to any existing recharging station in order to provide for the recharging of electric vehicles; and/or
- (2) incurs costs for purchase of alternative fueled motor vehicles or for the capital, labor and equipment costs for alternative fueled motor vehicles or the capital, labor and equipment cost for the conversion of motor vehicles so that they can use alternative fuels.

II. DEFINITIONS

- (1) "Alternative fuel" as defined pursuant to the Energy Policy Act of 1992 (P.L. 102-486, Sec. 301 (42 USC 13211 at Section 13211(2)) which states "the term 'alternative fuel' means methanol, denatured ethanol, or other alcohols; mixtures containing 85 percent or more (or such percentage but not less than 70 percent, as determined by the Secretary, by rule to provide for requirements relating to cold state, safety or vehicle functions) by volume of methanol, denatured ethanol, or other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity (including electricity from solar energy); and any other fuel the Secretary determines by rule, is substantially no petroleum and would yield substantial energy security benefits and substantial environmental benefits . . ."
- (2) "Alternative fueled vehicle" as defined pursuant to the Energy Policy Act of 1992 (P.L. 102-486, Sec. 301 (42 USC 13211 at 13211(3)) which states "the term 'alternative fueled vehicle' means a dedicated vehicle or dual fueled vehicle" and such vehicles are further defined by the Energy Policy Act of 1992.
- (3) "Incremental costs" mean the increase to the sale price of an alternative fueled vehicle, above the sale price of a comparable motor vehicle similar in all other respects but for the equipment necessary to render it an alternative fueled vehicle, which increased sale price is attributable to such vehicle's being equipped to render it an alternative fueled vehicle.
- (4) "Filling station" means and includes any place, location, or station where fuels are offered for

sale at retail and which is licensed in accordance with Title 31, Chapter 37, Section 1 (R.I.G.L.).

(5) "Costs incurred" means the actual sum spent by the taxpayer.

III. QUALIFYING COSTS

(A) In the event that qualifying costs are also eligible to be included in the calculation of other Rhode Island tax incentives, such as but not limited to, investment credit or specialized investment credit for mill buildings, the taxpayer must elect to use them in only one incentive.

(B) Costs must be incurred on or after January 1, 1998 and prior to January 1, 2003 for the personal income tax credit and the business corporation tax credit. Costs must be incurred on or after July 15, 1998 and prior to January 1, 2003 for the public service corporation tax credit.

IV. LIMITATIONS AND MISCELLANEOUS

(A) In the event that the claimant taxpayer is an electing sub-chapter S corporation or limited liability company, the claimant taxpayer may divide the credit in the same manner as income.

(B) The amount of credit may be transferred and/or assigned by the claimant taxpayer to another taxpayer provided that the transferee is a parent, subsidiary or affiliate of, or is subject to common ownership, management and control with the transferor.

(C) Where the credit allowed exceeds the amount of tax liability imposed on the claimant taxpayer, and to the extent that the taxpayer has not transferred or assigned its credits as described in (A) above, the taxpayer may carry forward such unused credit or unused portions thereof and apply the credit to its tax liability for any one (1) or more of the succeeding five (5) years.

(D) Credits, once transferred or assigned from the original claimant taxpayer, may not be subsequently transferred or assigned in any manner or amount to other taxpayers.

V. REPEAL

The credit provisions will expire on January 1, 2003.

R. GARY CLARK
TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, 1999

THIS REGULATION AMENDS AND SUPERCEDES CR 98-11 PROMULGATED
JANUARY 1, 1998.