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State of Arizona
Senate
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First Regular Session
2001

CHAPTER 179

SENATE BILL 1371

AN ACT

AMENDING SECTIONS 41-1516, 43-1086 AND 43-1174, ARIZONA REVISED STATUTES;
RELATING TO ALTERNATIVE FUEL VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-1516, Arizona Revised Statutes, is amended to
3 read:

4 41-1516. Arizona clean air fund; purposes; vehicle
5 certification program; definition

6 A. The Arizona clean air fund is established consisting of the
7 following:

8 1. Monies appropriated by the legislature.

9 2. Monies from the air quality fund pursuant to section 49-551,
10 subsection C, paragraph 2.

11 3. Any monies that are appropriated to state agencies for alternative
12 fuel vehicles or conversion of conventional vehicles to operate on
13 alternative fuels and that have not been spent by the state agency at the end
14 of each fiscal year.

15 4. Monies collected pursuant to section 49-543, subsection B, except
16 that beginning on January 1, 2001 until the contract entered into pursuant
17 to section 49-545 and in effect on April 28, 2000 expires, the department
18 shall deposit, pursuant to sections 35-146 and 35-147, sixteen dollars
19 eighty-one cents of the fee collected pursuant to section 49-543, subsection
20 B in area A as defined in section 49-541 and two dollars fifty-one cents of
21 the fee collected pursuant to section ~~43-543~~ 49-543, subsection B in area B
22 as defined in section 49-541 in the emissions inspection fund established by
23 section 49-544 for the purpose of reducing the emissions inspection fees
24 prescribed pursuant to section 49-543, subsection A.

25 5. Monies from the state lottery fund pursuant to section 5-522,
26 subsection A, paragraph 4.

27 6. Monies deposited pursuant to sections 28-737, 28-876, 28-2416,
28 43-1086 and 43-1174.

29 7. Any other monies received through gifts, grants and donations.

30 B. The director shall administer the fund.

31 C. Except as provided in subsection 0 of this section, monies in the
32 fund may be used for any of the following:

33 1. To promote public use of alternative fuels by providing individual
34 grants for alternative fuel delivery systems that have had their equipment
35 certified by the department of commerce energy office as follows:

36 (a) A grant of not more than one hundred thousand dollars for each
37 variation of alternative fuel type dispensed through a newly constructed
38 alternative fuel delivery system or an alternative fuel delivery system that
39 is added to an existing facility if the alternative fuel delivery system is
40 accessible to the general public.

41 (b) In addition to the grant prescribed in subdivision (a) of this
42 paragraph, a grant for one hundred per cent of the cost of installing or
43 retrofitting automatic debit or credit card access to an alternative fuel
44 delivery system that is accessible to the general public.

1 (c) A grant of not more than fifty thousand dollars or the cost of the
2 alternative fuel delivery system, whichever is less, for each variation of
3 alternative fuel type dispensed through a newly constructed alternative fuel
4 delivery system or an alternative fuel delivery system that is added to an
5 existing facility if the alternative fuel delivery system is not accessible
6 to the general public.

7 (d) A grant of not more than fifty thousand dollars for retrofitting
8 a private alternative fuel delivery system to make it accessible to the
9 general public.

10 (e) A grant of not more than fifty thousand dollars for retrofitting
11 an alternative fuel delivery system owned by this state or a political
12 subdivision of this state to make it accessible to other governmental
13 entities.

14 2. Not more than one-half of the monies deposited in the fund shall
15 be used by the department to establish a program that would provide grants
16 to individuals, small businesses or nonprofit corporations for the purchase
17 and installation of an alternative fuel delivery system for use on the
18 individual's, small business' or nonprofit corporation's property in this
19 state. Grants awarded pursuant to this paragraph shall not be more than the
20 cost of the alternative fuel delivery system. The cost of the alternative
21 fuel delivery system does not include the cost of wall sockets or extension
22 cords. The department of commerce shall promptly notify the department of
23 revenue of individuals and small businesses that have received a grant
24 pursuant to this paragraph and the amount of the grant. For the purposes of
25 this paragraph, "small business" has the same meaning prescribed in section
26 41-1001.

27 3. Grants to school districts to pay a portion of the cost incurred
28 for the alternative fuels program prescribed in section 15-349.

29 4. Grants to community college districts to pay a portion of the cost
30 incurred for the alternative fuels program prescribed in section 41-803.

31 5. Grants to cities and towns to pay a portion of the cost incurred
32 for the alternative fuels vehicle program and for the incremental cost of
33 alternative fuel buses pursuant to section 9-500.04.

34 6. Grants to counties to pay a portion of the cost incurred for the
35 alternative fuels program prescribed in section 49-474.01.

36 7. Grants to nonprofit corporations to pay a portion of the cost
37 incurred by nonprofit corporations in acquiring alternative fuel vehicles.

38 8. Grants to provide service to fleets that have been converted for
39 use of alternative fuel within the previous five years so that the vehicles
40 in the fleets may function on alternative fuel.

41 9. To pay the costs of high occupancy vehicle lane sign markings
42 required by section 28-2416 and the costs of providing the information
43 prescribed in section 28-5801, subsection A, paragraph 2.

44 10. Administrative costs incurred by the department in administering
45 the programs prescribed in this subsection.

1 11. To conduct public awareness programs for alternative fuels.

2 12. To provide for training for persons involved in alternative fuel
3 activities with automobiles.

4 13. To allocate resources to reduce the cost of converting or acquiring
5 alternative fuel vehicles and equipment as prescribed by sections 43-1086,
6 43-1086.01, 43-1086.02, 43-1174, 43-1174.01 and 43-1174.02.

7 14. To allocate resources to reduce the cost of an alternative fuel as
8 prescribed by sections 43-1086, 43-1086.01, 43-1086.02, 43-1174, 43-1174.01
9 and 43-1174.02.

10 D. Except as provided in subsections E and O of this section, the
11 department shall use fifty per cent of the monies deposited in the fund in
12 fiscal years YEAR 2000-2001 through ~~2009-2010~~ to provide grants to persons
13 for purchasing alternative fuel vehicles, converting conventionally fueled
14 vehicles to operate on an alternative fuel or retrofitting alternative fuel
15 vehicles, ~~except that:~~

16 ~~1. Beginning on July 1, 2002, if twelve months after deposit of the
17 monies applications for grants pursuant to this subsection have not been
18 submitted in a total amount equal to the prescribed percentage of the monies
19 deposited, the department shall use the difference between the prescribed
20 percentage of the monies deposited and the total amount of grant applications
21 to provide grants to a regional planning agency in a county with a population
22 of more than one million two hundred thousand persons for conversion of
23 diesel fleets in the county to use alternative fuels or for acquisition of
24 alternative fuel vehicles to replace diesel fleets in the county.~~

25 ~~2. Any monies that are provided to a regional planning agency pursuant
26 to paragraph 1 of this subsection and that are not spent within six months
27 revert to the fund to be used for grants as provided in this subsection.~~

28 E. The time periods prescribed in subsection D of this section are
29 rolling time periods and begin whenever monies are deposited in the fund.
30 Neighborhood electric vehicles as defined in section 43-1086 are not eligible
31 for grants pursuant to subsection D of this section. A grant provided
32 pursuant to subsection D of this section for the purchase of an alternative
33 fuel vehicle or the conversion of a conventionally fueled vehicle to operate
34 on alternative fuel shall be in an amount that is equal to the amount of the
35 tax credit prescribed in section 43-1086, subsection B or 43-1174, subsection
36 B. The department of commerce shall promptly notify the department of
37 revenue of persons who have received a grant pursuant to subsection D of this
38 section and the amount of the grant. If monies are not available for grants
39 to persons pursuant to subsection D of this section, the department of
40 commerce shall provide the eligible person with an affidavit stating that
41 monies are not available in the fund for grants, that the person would
42 qualify for a grant if monies were available in the fund and that the person
43 is eligible for a tax credit pursuant to section 43-1086 or 43-1174. The
44 department of commerce shall not provide grants pursuant to subsection D of
45 this section in a calendar year after the month in which the motor vehicle

1 division reports to the department as provided in section 43-1086 that the
2 number of new alternative fuel vehicles, excluding neighborhood electric
3 vehicles, vehicles registered pursuant to section 28-2511 and commercial
4 vehicles, newly registered in this state in the current calendar year exceeds
5 one per cent of the total number of motor vehicles registered in this state
6 in the previous calendar year. If grants are not provided in a calendar year
7 based on a motor vehicle division report pursuant to section 43-1086, the
8 restriction only applies to the remainder of that calendar year. If a person
9 who applies for a grant pursuant to subsection D of this section submits a
10 purchase order and proof of at least a ten per cent down payment on an
11 alternative fuel vehicle, conversion or retrofit or a bill of sale for an
12 alternative fuel vehicle, conversion or retrofit at the time of application,
13 the department shall secure monies for a grant for that person until the
14 person completes the transaction and ~~the department shall not use those~~
15 ~~monies to provide grants to a regional planning agency pursuant to subsection~~
16 ~~D, paragraph 1 of this section~~ if the transaction is completed within one
17 year. In order to qualify for a grant pursuant to subsection D of this
18 section or a tax credit pursuant to section 43-1086 or 43-1174, a person
19 shall apply for a grant pursuant to subsection D of this section no later
20 than one year after the person purchases, converts or retrofits an
21 alternative fuel vehicle.

22 F. The department shall use monies in the fund for a grant to pay for
23 the cost of an alternative fuel delivery system at northern Arizona
24 university that is accessible to the general public. The amount of this
25 grant shall not be more than three hundred thousand dollars. Alternative fuel
26 sold from that alternative fuel delivery system shall not be marked up more
27 than fifteen per cent.

28 G. The department shall use monies in the fund for grants to pay costs
29 incurred for successful certification tests that are necessary to meet the
30 requirements of memorandum 1-A issued by the United States environmental
31 protection agency, that are performed in this state and the results of which
32 are filed with the department of commerce energy office, except that fees
33 required by the United States environmental protection agency are not
34 eligible for grants pursuant to this subsection. Costs that are eligible for
35 grants pursuant to this subsection include the following:

- 36 1. Procurement and operating costs for a single platform, including
37 expenses for testing a vehicle up to its degradation mileage limit.
- 38 2. The cost of conversion equipment and installation for the single
39 engine platform.
- 40 3. Expenses directly related to the process of obtaining certification,
41 including:
 - 42 (a) Personnel time.
 - 43 (b) Additional materials.
 - 44 (c) Specialized equipment rentals or leases.

1 (d) Operating costs and payments on purchased specialized emissions
2 equipment during the time it is required for the certification process.

3 (e) The cost of installation for specialized emissions testing
4 equipment.

5 (f) Ongoing maintenance, upgrading and repair costs for specialized
6 emissions testing equipment during the time it is used for certification
7 testing.

8 (g) The costs involved in obtaining technical information or access
9 charges for information used for the certification process.

10 (h) Independent emissions laboratory fees required for validating
11 certification criteria.

12 (i) Facility expenses that are prorated to the equivalent area of the
13 required size of one bay large enough to house the platform and the necessary
14 related equipment to perform the certification research and development and
15 validation testing.

16 H. The department shall use monies in the fund to pay for one-half of
17 the hydrogen program grants awarded pursuant to section 41-1515 in fiscal
18 year 2000-2001 and fiscal year 2001-2002. Notwithstanding section 41-1515,
19 an applicant for a grant of monies provided pursuant to this subsection shall
20 provide funding in an amount that at least equals the grant award and if
21 monies provided pursuant to this subsection are not used within five years
22 the monies revert to the Arizona clean air fund.

23 I. No later than January 1, 2007, the department shall use monies in
24 the fund to provide grants for at least sixteen natural gas delivery systems.
25 These grants shall be provided to private entities to install and operate
26 natural gas delivery systems that are accessible to the general public at the
27 private entities' existing motor vehicle fueling stations. These grants
28 shall be provided for at least eight natural gas delivery systems in area A
29 as defined in section 49-541, at least three natural gas delivery systems in
30 area B as defined in section 49-541, one natural gas delivery system in
31 Kingman, one natural gas delivery system in Yuma, one natural gas delivery
32 system in Casa Grande, one natural gas delivery system in Show Low and one
33 natural gas delivery system in Payson. A recipient of a grant pursuant to
34 this subsection shall not charge for natural gas provided from a delivery
35 system installed and operated under the grant more than the following amounts
36 over the recipient's cost of the natural gas:

37 1. Fifteen cents per gallon to cover the cost of compression, including
38 electricity, maintenance and wear and tear.

39 2. An additional fifteen cents per gallon as profit.

40 J. If a grant is awarded pursuant to this section for an alternative
41 fuel delivery system located at a fueling station, the price of the
42 alternative fuel sold from the alternative fuel delivery system shall be
43 included on the standardized sign that contains the price of other fuels sold
44 at the fueling station. The department of commerce energy office shall
45 design these signs, including the alternative fuel logo for these signs.

1 Notwithstanding any other law and because the legislature finds it a matter
2 of statewide concern, these signs shall be uniform throughout the state and
3 local ordinances, rules or laws are preempted for design, placement, size,
4 type and height.

5 K. The department may provide certification of alternative fuel
6 vehicles and equipment converted or purchased in previous tax years if the
7 taxpayer provides appropriate documentation to the department and if the
8 department deems the documentation and certification acceptable.

9 L. Except as provided in sections 43-1086 and 43-1174, tax credits for
10 alternative fuel vehicles authorized pursuant to state law shall only be
11 allowed if the vehicle meets one of the following:

12 1. The vehicle engine is certified to meet at a minimum the United
13 States environmental protection agency low emission vehicle standard pursuant
14 to 40 Code of Federal Regulations section 88.104-94 or 88.105-94.

15 2. The vehicle engine meets the requirements of the addendum to
16 memorandum 1-A, issued by the United States environmental protection agency,
17 as printed in the federal register, volume 62, number 207, October 27, 1997,
18 pages 55635 through 55637.

19 3. The vehicle engine is the subject of a waiver for that specific
20 engine application from the United States environmental protection agency's
21 memorandum 1-A requirements and that waiver is documented to the reasonable
22 satisfaction of the department.

23 M. The director shall report annually to the legislature on the status
24 of the Arizona clean air fund including a report on expenditures from the
25 fund pursuant to this section. The report shall include a summary of
26 alternative fuel delivery systems for which funding was provided during the
27 preceding fiscal year. The report shall be submitted to the president of the
28 senate and the speaker of the house of representatives no later than
29 September 1 of each year.

30 N. Monies in the Arizona clean air fund are exempt from the provisions
31 of section 35-190 relating to lapsing of appropriations. On notice from the
32 department of commerce, the state treasurer shall invest and divest monies
33 in the fund as provided by section 35-313, and monies earned from investment
34 shall be credited to the fund.

35 O. Except as provided in subsections P and Q of this section, the
36 department shall not provide grants or affidavits to any person who enters
37 into a contract or signs a purchase order for any of the following beginning
38 on OR AFTER October 20, 2000 through ~~October 19, 2001~~:

39 1. The purchase of an alternative fuel vehicle as defined in section
40 43-1086.

41 2. The conversion of a conventionally fueled vehicle to operate on an
42 alternative fuel.

43 3. The retrofitting of an alternative fuel vehicle.

1 4. The purchase and installation of an alternative fuel delivery
2 system for use on an individual's, small business' or nonprofit corporation's
3 property in this state pursuant to subsection C, paragraph 2 of this section.

4 5. Alternative fuel delivery system construction or modification
5 pursuant to subsection C, paragraph 1 of this section.

6 ~~P. From and after the effective date of this amendment to this section~~
7 and Until October 1, 2001, the department shall award grants for the
8 replacement or conversion of diesel vehicles over nineteen thousand five
9 hundred pounds gross vehicle weight rating to operate on alternative fuel in
10 an amount equal to the greater of the following:

11 1. Thirty per cent of the original manufacturer's base retail price.

12 2. Thirty thousand dollars.

13 Q. The aggregate total of grants awarded pursuant to subsection P of
14 this section shall not exceed six million five hundred thousand dollars. IF
15 AN APPLICANT MEETS THE ELIGIBILITY REQUIREMENTS PRESCRIBED IN SUBSECTION P
16 OF THIS SECTION AND THE REPLACEMENT OR CONVERSION OF A DIESEL FUEL VEHICLE
17 OVER NINETEEN THOUSAND FIVE HUNDRED POUNDS GROSS VEHICLE WEIGHT RATING IS
18 DOCUMENTED BY A CONTRACT OR PURCHASE ORDER ENTERED INTO BY THE APPLICANT
19 BEFORE OCTOBER 20, 2000, the department shall award grants ~~in order of~~
20 ~~receipt of application if the applicant meets the eligibility requirements~~
21 ~~prescribed in this section~~ PURSUANT TO SUBSECTION P OF THIS SECTION IN THE
22 ORDER OF THE DATE OF THE CONTRACT OR PURCHASE ORDER ENTERED INTO BY THE
23 APPLICANT. IF THERE IS A SITUATION IN WHICH APPLICANTS HAVE CONTRACTS OR
24 PURCHASE ORDERS WITH THE SAME DATE AND THE GRANT MONEY IS INSUFFICIENT TO
25 PROVIDE GRANTS TO ALL OF THE APPLICANTS, GRANTS RECIPIENTS SHALL BE
26 DETERMINED BY A RANDOM SELECTION METHOD AS PRESCRIBED IN RULES. THE
27 DEPARTMENT SHALL PREPARE AND MAKE AVAILABLE A FORM FOR APPLICANTS WHO INTEND
28 TO APPLY FOR A GRANT.

29 R. No later than November 13, 2000, each person who sells alternative
30 fuel vehicles in this state, who converts conventionally fueled vehicles to
31 operate on an alternative fuel in this state, who sells or installs
32 alternative fuel delivery systems for use on an individual's, small business'
33 or nonprofit corporation's property in this state or who constructs or
34 modifies alternative fuel delivery systems in this state shall provide
35 information to the department of commerce, in a form determined by the
36 department of commerce in consultation with the department of revenue, that
37 is necessary to administer this program and to determine the full extent to
38 which individuals and businesses are potentially eligible for grants pursuant
39 to this section. The information shall include all persons who entered into
40 contracts or signed purchase orders on or after January 1, 2000 through
41 October 19, 2000 but shall not include any cancellations that occur before
42 November 13, 2000. The department of commerce shall send a notice to each
43 person known to the department to be required to provide information pursuant
44 to this subsection. The department of commerce and the department of revenue
45 shall keep confidential any social security numbers, other assigned taxpayer

1 identification numbers or telephone numbers provided in the information
2 required pursuant to this section. For the purposes of this subsection, the
3 department of commerce is exempt from the rule making requirements of chapter
4 6 of this title.

5 S. For the purposes of this section, "alternative fuel delivery
6 system" means any facility that provides for the fueling of an alternative
7 fuel vehicle.

8 Sec. 2. Section 43-1086, Arizona Revised Statutes, is amended to read:

9 43-1086. Credit for alternative fuel vehicles; definitions

10 A. Except as provided in subsection L of this section, for taxable
11 years ending on or before December 31, 2001, a credit against taxes imposed
12 by this title is allowed to each taxpayer who applies for a grant pursuant
13 to section 41-1516 unless the vehicle is a neighborhood electric vehicle and
14 who does any of the following:

15 1. Purchases or leases one or more new original equipment manufactured
16 alternative fuel vehicles for use in this state.

17 2. Incurs expenses during the taxable year for converting one or more
18 conventionally fueled vehicles for use in this state to operate on an
19 alternative fuel.

20 3. On or before June 30, 2000, purchases or leases, for a period of
21 at least one year, one or more used alternative fuel vehicles for use in this
22 state, except that a tax credit is not allowed pursuant to this section for
23 the purchase or lease of a used neighborhood electric vehicle that is
24 purchased or leased on or after January 1, 2000.

25 B. Except as provided in subsection M of this section, the amount of
26 the credit is equal to the following:

27 1. For a new low emission vehicle twelve thousand pounds or less gross
28 vehicle weight, the greatest of the following:

29 (a) Thirty per cent of the manufacturer's base retail price of the
30 vehicle, excluding incremental costs, or the actual purchase price of the
31 vehicle, whichever is less.

32 (b) Five thousand dollars.

33 2. For a used low emission vehicle twelve thousand pounds or less
34 gross vehicle weight, fifteen per cent of the cost or two thousand five
35 hundred dollars, whichever is more.

36 3. For a new ultralow or inherently low emission vehicle, the greatest
37 of the following:

38 (a) Forty per cent of the manufacturer's base retail price of the
39 vehicle, excluding incremental costs, or the actual purchase price of the
40 vehicle, whichever is less.

41 (b) Seven thousand five hundred dollars.

42 4. For a used ultralow or inherently low emission vehicle, twenty per
43 cent of the cost or three thousand seven hundred fifty dollars, whichever is
44 more.

1 5. For a new zero or super ultralow emission vehicle, the greatest of
2 the following:

3 (a) Fifty per cent of the manufacturer's base retail price of the
4 vehicle, excluding incremental costs, or the actual purchase price of the
5 vehicle, whichever is less.

6 (b) Ten thousand dollars.

7 6. For a used zero emission vehicle:

8 (a) That is purchased, twenty-five per cent of the cost or five
9 thousand dollars, whichever is more.

10 (b) That is leased, twenty-five per cent of the cost or two thousand
11 five hundred dollars, whichever is more.

12 7. For a new low emission vehicle over twelve thousand pounds gross
13 vehicle weight, The greatest of the following:

14 (a) Thirty per cent of the manufacturer's base retail price of the
15 vehicle, excluding incremental costs, or the actual purchase price of the
16 vehicle, whichever is less. The manufacturer's base retail price and the
17 actual purchase price do not include any attachment not associated with the
18 operation of the vehicle.

19 (b) Thirty thousand dollars.

20 8. For a used low emission vehicle over twelve thousand pounds gross
21 vehicle weight, fifteen per cent of the cost, excluding any attachment not
22 associated with the operation of the vehicle, or fifteen thousand dollars,
23 whichever is more.

24 9. For conversion of a vehicle over twelve thousand pounds gross
25 vehicle weight, the greatest of the following:

26 (a) Thirty per cent of the original manufacturer's base retail price
27 of the vehicle, excluding incremental costs, or the actual purchase price of
28 the vehicle, whichever is less. The manufacturer's base retail price and the
29 actual purchase price do not include any attachment not associated with the
30 operation of the vehicle.

31 (b) Thirty thousand dollars.

32 10. For purchase of a converted vehicle over twelve thousand pounds
33 gross vehicle weight, fifteen per cent of the cost or fifteen thousand
34 dollars, whichever is more.

35 11. For conversion of any other vehicle the greatest of the following:

36 (a) Thirty per cent of the original manufacturer's base retail price
37 of the vehicle, excluding incremental costs, or the actual purchase price of
38 the vehicle, whichever is less.

39 (b) Five thousand dollars.

40 (c) The amount of the tax credit prescribed in paragraph 3 or 4 of
41 this subsection if the taxpayer can demonstrate that the converted vehicle
42 qualifies as an ultralow or inherently low emission vehicle.

43 (d) The amount of the tax credit prescribed in paragraph 5 or
44 paragraph 6, subdivision (a) of this subsection if the taxpayer can

1 demonstrate that the converted vehicle qualifies as a zero or super ultralow
2 emission vehicle.

3 12. For purchase of any other converted vehicle, fifteen per cent of
4 the cost or two thousand five hundred dollars, whichever is more.

5 13. Notwithstanding any other paragraph of this subsection, for a new
6 neighborhood electric vehicle that is purchased on or after July 1, 2000,
7 fifty per cent of the cost of the vehicle or one thousand dollars, whichever
8 is more. In order to qualify for a tax credit pursuant to this paragraph,
9 a taxpayer shall certify on forms provided by the department that the vehicle
10 has not been, and will not be, used on a golf course, except for use as a
11 maintenance vehicle for a golf course. If a tax credit is taken for a
12 vehicle pursuant to this paragraph and the vehicle is used on a golf course
13 other than as a maintenance vehicle, the tax credit is subject to recapture
14 by the department, and the taxpayer is subject to a civil penalty of one
15 thousand dollars. Civil penalties collected pursuant to this paragraph shall
16 be deposited in the Arizona clean air fund established by section 41-1516.

17 14. Notwithstanding any other provision of this subsection, for a used
18 conventionally fueled vehicle that is converted to operate on alternative
19 fuel, the cost of conversion.

20 C. Except as provided in subsection L of this section, a tax credit
21 is allowed pursuant to subsection B, paragraphs 1 through 8 and 13 of this
22 section only if the vehicle is certified to meet the United States
23 environmental protection agency emission standards for the particular type
24 of vehicle for which the credit is claimed as prescribed by 40 Code of
25 Federal Regulations section 88.104-94 or 88.105-94.

26 D. In order to qualify for a tax credit pursuant to subsection B,
27 paragraph 9 or 10 of this section, a motor home as defined in section 28-4301
28 that is converted to use liquefied petroleum gas shall have a fuel tank for
29 onboard storage of liquefied petroleum gas that holds at least thirty
30 gallons.

31 E. In order to qualify for a tax credit pursuant to subsection B of
32 this section or not be subject to recapture pursuant to subsection N of this
33 section:

34 1. The vehicle shall be in the possession of the taxpayer before
35 December 1, 2000 or the taxpayer shall have paid in full for the vehicle
36 before December 1, 2000.

37 2. The taxpayer shall not transfer the vehicle to any person other
38 than a member of the taxpayer's immediate family or a person who resides in
39 the same household as the taxpayer for thirty-six months after the initial
40 registration of the vehicle. This requirement does not apply if the vehicle
41 is demolished or the taxpayer dies before the expiration of the thirty-six
42 month period.

43 3. The vehicle shall be registered in this state for at least
44 thirty-six months.

1 4. If the vehicle is a bi-fuel vehicle that operates on liquefied
2 petroleum gas, the taxpayer shall provide evidence satisfactory to the
3 department that at least fifty per cent of the fuel the vehicle uses is
4 alternative fuel for thirty-six months, ~~prorated by one-twelfth for each~~
5 ~~month during the initial taxable year in which the vehicle is registered~~ FROM
6 THE DATE THE VEHICLE IS INITIALLY REGISTERED AS AN ALTERNATIVE FUEL VEHICLE.

7 5. If the vehicle is a bi-fuel vehicle that operates on compressed
8 natural gas, the taxpayer shall provide evidence satisfactory to the
9 department that the vehicle uses the following percentages of alternative
10 fuel for thirty-six months FROM THE DATE THE VEHICLE IS INITIALLY REGISTERED
11 AS AN ALTERNATIVE FUEL VEHICLE:

12 (a) At least twenty-five per cent of the fuel the vehicle uses is
13 alternative fuel for the ~~initial taxable year, prorated by one-twelfth for~~
14 ~~each month during the initial taxable year in which the vehicle is registered~~
15 FIRST TWELVE MONTHS.

16 (b) At least thirty-three and one-third per cent of the fuel the
17 vehicle uses is alternative fuel in the ~~second year~~ THIRTEENTH THROUGH
18 TWENTY-FOURTH MONTHS.

19 (c) At least fifty per cent of the fuel the vehicle uses is
20 alternative fuel in the ~~third year~~ TWENTY-FIFTH THROUGH THIRTY-SIXTH MONTHS.

21 6. The vehicle complies with emissions inspection requirements for
22 alternative fuel vehicles prescribed in title 49, chapter 3, article 5.

23 F. If a vehicle fails to comply with subsection E, paragraphs 2
24 through 6 of this section or rules adopted by the department pursuant to
25 subsection E, paragraphs 2 through 6 of this section, the department shall
26 recapture the tax credit pursuant to subsection N of this section or disallow
27 the tax credit for a taxable year. The director may relieve a taxpayer of
28 requirements prescribed under subsection E, paragraphs 2 through 6 of this
29 section if both of the following apply:

30 1. The taxpayer is unable to meet the requirement due to circumstances
31 that would make the requirement unfair or inequitable to the particular
32 taxpayer.

33 2. The taxpayer acted in good faith and the taxpayer intended to
34 primarily propel the vehicle with alternative fuel.

35 G. If the allowable tax credit exceeds the taxes due under this title
36 on the claimant's income, or if there are no taxes due under this title, the
37 following apply:

38 1. If the vehicle is not a neighborhood electric vehicle, the taxpayer
39 may elect to be paid a refund in the amount of the claim not used to offset
40 taxes under this title in a single payment or in up to three annual
41 installments. Refunds made pursuant to this paragraph are subject to setoff
42 pursuant to section 42-1122. If the taxpayer elects to be paid in annual
43 installments, the taxpayer is not entitled to receive interest on unpaid
44 installments of the credit.

1 2. If the vehicle is a neighborhood electric vehicle, the amount of
2 the credit not used to offset taxes under this title may be carried forward
3 to the next five consecutive taxable years as a credit against subsequent
4 years' income tax liability.

5 H. Except as provided in subsection L of this section, if a person
6 purchases an alternative fuel vehicle and then leases the vehicle to another
7 person, the lessor is not entitled to take a tax credit pursuant to this
8 section for the purchase of the vehicle but may claim a share of the tax
9 credit for the lease of the vehicle as provided in the lease agreement,
10 except that the total amount claimed by the lessor and lessee shall not be
11 more than the credit allowed pursuant to this section and a person who
12 purchases an alternative fuel vehicle and then leases the vehicle to a
13 governmental entity is entitled to take a tax credit pursuant to this section
14 for the purchase of the vehicle.

15 I. Except as provided in subsections L and M of this section,
16 notwithstanding subsection B of this section and if the vehicle is not a
17 neighborhood electric vehicle:

18 1. If a person receives a grant pursuant to section 41-1516 for the
19 purchase of an alternative fuel vehicle or the conversion of a conventionally
20 fueled vehicle to operate on alternative fuel, the tax credit pursuant to
21 this section shall only be for the incremental cost of the purchase or
22 conversion. This paragraph does not apply to a used conventionally fueled
23 vehicle that is converted to operate on alternative fuel.

24 2. If the person applies for a grant pursuant to section 41-1516 and
25 submits to the department of revenue an affidavit issued by the department
26 of commerce stating that monies are not available in the Arizona clean air
27 fund for grants, that the person would qualify for a grant if monies were
28 available in the fund and that the person is eligible for a tax credit
29 pursuant to this section or section 43-1174, the person is eligible for a
30 tax credit in the amount prescribed in this section plus the incremental cost
31 of the purchase or conversion. This paragraph does not apply to a used
32 conventionally fueled vehicle that is converted to operate on alternative
33 fuel.

34 J. A husband and wife who file separate returns for a taxable year in
35 which they could have filed a joint return may each claim only one-half of
36 the tax credit that would have been allowed for a joint return.

37 K. Co-owners of a business, including partners in a partnership and
38 shareholders of an S corporation as defined in section 1361 of the internal
39 revenue code, may each claim only the pro rata share of the credit allowed
40 under this section based on the ownership interest. The total of the credits
41 allowed all such owners may not exceed the amount that would have been
42 allowed for a sole owner of the business.

43 L. The credit provided by this section is not allowed for any of the
44 following:

1 1. The purchase or lease of an alternative fuel vehicle that is made
2 pursuant to a contract or purchase order entered into on or after October 20,
3 2000.

4 2. The purchase or lease of an alternative fuel vehicle that is made
5 on or after October 20, 2000 if the purchase or lease is not made pursuant
6 to a contract or purchase order entered into by the taxpayer before October
7 20, 2000.

8 3. Any expense incurred for conversion of a conventionally fueled
9 vehicle to operate on alternative fuel that is made pursuant to a contract
10 or purchase order entered into on or after October 20, 2000.

11 4. Any expense incurred for conversion of a conventionally fueled
12 vehicle to operate on alternative fuel on or after October 20, 2000 if the
13 expense is not incurred pursuant to a contract or purchase order entered into
14 by the taxpayer before October 20, 2000.

15 M. The total amount of a tax credit allowed pursuant to this section
16 or the total amount of a tax credit allowed pursuant to this section plus the
17 amount of any grant provided pursuant to section 41-1516 shall not be more
18 than the amount the taxpayer actually paid for the vehicle.

19 N. The department shall calculate any recapture amount by multiplying
20 the tax credit by the following percentages:

21 1. One hundred per cent if the date of the event that causes recapture
22 is within the first full year after the date the vehicle was placed in
23 service.

24 2. Sixty-six and two-thirds per cent if the date of the event that
25 causes recapture is within the second full year after the date the vehicle
26 was placed in service.

27 3. Thirty-three and one-third per cent if the date of the event that
28 causes recapture is within the third full year after the date the vehicle was
29 placed in service.

30 O. Section 42-2059 does not apply to compliance review pursuant to
31 subsection E of this section.

32 P. For purposes of this section:

33 1. "Alternative fuel" has the same meaning prescribed in section
34 1-215.

35 2. "Alternative fuel vehicle":

36 (a) Means a self-propelled vehicle that is registered and titled in
37 this state for operation on the highways and that is primarily propelled by
38 an alternative fuel.

39 (b) Includes neighborhood electric vehicles, bi-fuel vehicles and
40 dedicated vehicles.

41 (c) Does not include any of the following:

42 (i) A golf cart as defined in section 28-101 unless the golf cart
43 qualifies as a neighborhood electric vehicle.

44 (ii) A motorcycle, a motor driven cycle, a moped or an implement of
45 husbandry as defined in section 28-101.

1 (iii) A motorized wheelchair as defined in section 28-601.

2 (iv) An electric bicycle.

3 (v) A vehicle, such as a forklift, that is not designed primarily for
4 operation on highways.

5 (d) If the vehicle is powered by electricity, may include an onboard
6 auxiliary motor that is designed and used to recharge batteries.

7 3. "Bi-fuel vehicle" means a vehicle that is capable of operating on
8 both gasoline or an alternative fuel but does not include a vehicle that is
9 capable of operating on a mixture of two or more fuel types.

10 4. "Dedicated vehicle" means a vehicle that is capable of operating
11 only on a single alternative fuel.

12 5. "Gross vehicle weight" means the shipping weight of the vehicle
13 issued by the primary manufacturer.

14 6. "Incremental cost" means the amount by which the cost of an
15 alternative fuel vehicle exceeds the cost of the same model of conventionally
16 fueled vehicle that is similarly equipped and for a zero emission vehicle is
17 assumed to be ten thousand dollars or twenty-five per cent of the cost,
18 whichever is more.

19 7. "Manufacturer's base retail price" means the lowest suggested
20 retail price of the make and model of a new motor vehicle suggested by the
21 manufacturer, excluding any amount paid for an item installed in the vehicle
22 that was not identified in the dealer's wholesale invoice received from the
23 vehicle manufacturer and that does not improve air quality in this state.

24 8. "Neighborhood electric vehicle" means a motor vehicle that has
25 alternative fuel vehicle special plates or an alternative fuel vehicle
26 sticker issued pursuant to section 28-2416 and that meets the standards
27 prescribed in 49 Code of Federal Regulations section 571.500, except that,
28 if a vehicle is designed to be operated at speeds of twenty miles per hour
29 or less, the vehicle is not required to have a seventeen digit vehicle
30 identification number.

31 9. "New":

32 (a) EXCEPT AS PROVIDED IN SUBDIVISION (b) OF THIS PARAGRAPH, means the
33 vehicle was never registered and titled anywhere before its MANUFACTURE AS
34 AN ALTERNATIVE FUEL VEHICLE OR conversion to operate on alternative fuel.

35 (b) INCLUDES A VEHICLE THAT IS CONVERTED AFTER THE VEHICLE IS
36 REGISTERED AND TITLED IF AT THE TIME THE APPLICANT CONTRACTED TO PURCHASE THE
37 VEHICLE THE APPLICANT ORDERED THE CONVERSION OF THE VEHICLE.

38 10. "Used" means any vehicle other than a new vehicle.

39 Sec. 3. Section 43-1174, Arizona Revised Statutes, is amended to read:
40 43-1174. Credit for alternative fuel vehicles; definitions

41 A. Except as provided in subsection K of this section, for taxable
42 years ending on or before December 31, 2001, a credit against taxes imposed
43 by this title is allowed to each taxpayer who applies for a grant pursuant
44 to section 41-1516 unless the vehicle is a neighborhood electric vehicle and
45 who does any of the following:

1 1. Purchases or leases one or more new original equipment manufactured
2 alternative fuel vehicles for use in this state.

3 2. Incurs expenses during the taxable year for converting one or more
4 conventionally fueled vehicles for use in this state to operate on an
5 alternative fuel.

6 3. On or before June 30, 2000, purchases or leases, for a period of
7 at least one year, one or more used alternative fuel vehicles for use in this
8 state, except that a tax credit is not allowed pursuant to this section for
9 the purchase or lease of a used neighborhood electric vehicle that is
10 purchased or leased on or after January 1, 2000.

11 B. Except as provided in subsection L of this section, the amount of
12 the credit is equal to the following:

13 1. For a new low emission vehicle twelve thousand pounds or less gross
14 vehicle weight, the greatest of the following:

15 (a) Thirty per cent of the manufacturer's base retail price of the
16 vehicle, excluding incremental costs, or the actual purchase price of the
17 vehicle, whichever is less.

18 (b) Five thousand dollars.

19 2. For a used low emission vehicle twelve thousand pounds or less
20 gross vehicle weight, fifteen per cent of the cost or two thousand five
21 hundred dollars, whichever is more.

22 3. For a new ultralow or inherently low emission vehicle, the greatest
23 of the following:

24 (a) Forty per cent of the manufacturer's base retail price of the
25 vehicle, excluding incremental costs, or the actual purchase price of the
26 vehicle, whichever is less.

27 (b) Seven thousand five hundred dollars.

28 4. For a used ultralow or inherently low emission vehicle, twenty per
29 cent of the cost or three thousand seven hundred fifty dollars, whichever is
30 more.

31 5. For a new zero or super ultralow emission vehicle, the greatest of
32 the following:

33 (a) Fifty per cent of the manufacturer's base retail price of the
34 vehicle, excluding incremental costs, or the actual purchase price of the
35 vehicle, whichever is less.

36 (b) Ten thousand dollars.

37 6. For a used zero emission vehicle:

38 (a) That is purchased, twenty-five per cent of the cost or five
39 thousand dollars, whichever is more.

40 (b) That is leased, twenty-five per cent of the cost or two thousand
41 five hundred dollars, whichever is more.

42 7. For a new low emission vehicle over twelve thousand pounds gross
43 vehicle weight, The greatest of the following:

44 (a) Thirty per cent of the manufacturer's base retail price of the
45 vehicle, excluding incremental costs, or the actual purchase price of the

1 vehicle, whichever is less. The manufacturer's base retail price and the
2 actual price do not include any attachment not associated with the operation
3 of the vehicle.

4 (b) Thirty thousand dollars.

5 8. For a used low emission vehicle over twelve thousand pounds gross
6 vehicle weight, fifteen per cent of the cost, excluding any attachment not
7 associated with the operation of the vehicle, or fifteen thousand dollars,
8 whichever is more.

9 9. For conversion of a vehicle over twelve thousand pounds gross
10 vehicle weight, the greatest of the following:

11 (a) Thirty per cent of the original manufacturer's base retail price
12 of the vehicle, excluding incremental costs, or the actual purchase price of
13 the vehicle, whichever is less. The manufacturer's base retail price and the
14 actual price do not include any attachment not associated with the operation
15 of the vehicle.

16 (b) Thirty thousand dollars.

17 10. For purchase of a converted vehicle over twelve thousand pounds
18 gross vehicle weight, fifteen per cent of the cost or fifteen thousand
19 dollars, whichever is more.

20 11. For conversion of any other vehicle the greatest of the following:

21 (a) Thirty per cent of the original manufacturer's base retail price
22 of the vehicle, excluding incremental costs, or the actual purchase price of
23 the vehicle, whichever is less.

24 (b) Five thousand dollars.

25 (c) The amount of the tax credit prescribed in paragraph 3 or 4 of
26 this subsection if the taxpayer can demonstrate that the converted vehicle
27 qualifies as an ultralow or inherently low emission vehicle.

28 (d) The amount of the tax credit prescribed in paragraph 5 or
29 paragraph 6, subdivision (a) of this subsection if the taxpayer can
30 demonstrate that the converted vehicle qualifies as a zero or super ultralow
31 emission vehicle.

32 12. For purchase of any other converted vehicle, fifteen per cent of
33 the cost or two thousand five hundred dollars, whichever is more.

34 13. Notwithstanding any other paragraph of this subsection, for a new
35 neighborhood electric vehicle that is purchased on or after July 1, 2000,
36 fifty per cent of the cost of the vehicle or one thousand dollars, whichever
37 is more. In order to qualify for a tax credit pursuant to this paragraph,
38 a taxpayer shall certify on forms provided by the department that the vehicle
39 has not been, and will not be, used on a golf course, except for use as a
40 maintenance vehicle for a golf course. If a tax credit is taken for a
41 vehicle pursuant to this paragraph and the vehicle is used on a golf course
42 other than as a maintenance vehicle, the tax credit is subject to recapture
43 by the department, and the taxpayer is subject to a civil penalty of one
44 thousand dollars. Civil penalties collected pursuant to this paragraph shall
45 be deposited in the Arizona clean air fund established by section 41-1516.

1 14. Notwithstanding any other provision of this subsection, for a used
2 conventionally fueled vehicle that is converted to operate on alternative
3 fuel, the cost of conversion.

4 C. Except as provided in subsection K of this section, a tax credit
5 is allowed pursuant to subsection B, paragraphs 1 through 8 and 13 of this
6 section only if the vehicle is certified to meet the United States
7 environmental protection agency emission standards for the particular type
8 of vehicle for which the credit is claimed as prescribed by 40 Code of
9 Federal Regulations section 88.104-94 or 88.105-94.

10 D. In order to qualify for a tax credit pursuant to subsection B,
11 paragraph 9 or 10 of this section, a motor home as defined in section 28-4301
12 that is converted to use liquefied petroleum gas shall have a fuel tank for
13 onboard storage of liquefied petroleum gas that holds at least thirty
14 gallons.

15 E. In order to qualify for a tax credit pursuant to subsection B of
16 this section or not be subject to recapture pursuant to subsection M of this
17 section:

18 1. The vehicle shall be in the possession of the taxpayer before
19 December 1, 2000 or the taxpayer shall have paid in full for the vehicle
20 before December 1, 2000.

21 2. The taxpayer shall not transfer the vehicle to any person other
22 than a member of the taxpayer's immediate family or a person who resides in
23 the same household as the taxpayer for thirty-six months after the initial
24 registration of the vehicle. This requirement does not apply if the vehicle
25 is demolished or the taxpayer dies before the expiration of the thirty-six
26 month period.

27 3. The vehicle shall be registered in this state for at least
28 thirty-six months.

29 4. If the vehicle is a bi-fuel vehicle that operates on liquefied
30 petroleum gas, the taxpayer shall provide evidence satisfactory to the
31 department that at least fifty per cent of the fuel the vehicle uses is
32 alternative fuel for thirty-six months, ~~prorated by one-twelfth for each~~
33 ~~month during the initial taxable year in which the vehicle is registered~~ FROM
34 THE DATE THE VEHICLE IS INITIALLY REGISTERED AS AN ALTERNATIVE FUEL VEHICLE.

35 5. If the vehicle is a bi-fuel vehicle that operates on compressed
36 natural gas, the taxpayer shall provide evidence satisfactory to the
37 department that the vehicle uses the following percentages of alternative
38 fuel for thirty-six months FROM THE DATE THE VEHICLE IS INITIALLY REGISTERED
39 AS AN ALTERNATIVE FUEL VEHICLE:

40 (a) At least twenty-five per cent of the fuel the vehicle uses is
41 alternative fuel for the ~~initial taxable year, prorated by one-twelfth for~~
42 ~~each month during the initial taxable year in which the vehicle is registered~~
43 FIRST TWELVE MONTHS.

1 (b) At least thirty-three and one-third per cent of the fuel the
2 vehicle uses is alternative fuel in the ~~second~~ year THIRTEENTH THROUGH
3 TWENTY-FOURTH MONTHS.

4 (c) At least fifty per cent of the fuel the vehicle uses is
5 alternative fuel in the ~~third~~ year TWENTY-FIFTH THROUGH THIRTY-SIXTH MONTHS.

6 6. The vehicle complies with emissions inspection requirements for
7 alternative fuel vehicles prescribed in title 49, chapter 3, article 5.

8 F. If a vehicle fails to comply with subsection E, paragraphs 2
9 through 6 of this section or rules adopted by the department pursuant to
10 subsection E, paragraphs 2 through 6 of this section, the department shall
11 recapture the tax credit pursuant to subsection M of this section or disallow
12 the tax credit for a taxable year. The director may relieve a taxpayer of
13 requirements prescribed under subsection E, paragraphs 2 through 6 of this
14 section if both of the following apply:

15 1. The taxpayer is unable to meet the requirement due to circumstances
16 that would make the requirement unfair or inequitable to the particular
17 taxpayer.

18 2. The taxpayer acted in good faith and the taxpayer intended to
19 primarily propel the vehicle with alternative fuel.

20 G. If the allowable tax credit exceeds the taxes due under this title
21 on the claimant's income, or if there are no taxes due under this title, the
22 following apply:

23 1. If the vehicle is not a neighborhood electric vehicle, the taxpayer
24 may elect to be paid a refund in the amount of the claim not used to offset
25 taxes under this title in a single payment or in up to three annual
26 installments. Refunds made pursuant to this paragraph are subject to setoff
27 pursuant to section 42-1122. If the taxpayer elects to be paid in annual
28 installments, the taxpayer is not entitled to receive interest on unpaid
29 installments of the credit.

30 2. If the vehicle is a neighborhood electric vehicle, the amount of
31 the credit not used to offset taxes under this title may be carried forward
32 to the next five consecutive taxable years as a credit against subsequent
33 years' income tax liability.

34 H. Except as provided in subsection K of this section, if a person
35 purchases an alternative fuel vehicle and then leases the vehicle to another
36 person, the lessor is not entitled to take a tax credit pursuant to this
37 section for the purchase of the vehicle but may claim a share of the tax
38 credit for the lease of the vehicle as provided in the lease agreement,
39 except that the total amount claimed by the lessor and lessee shall not be
40 more than the credit allowed pursuant to this section and a person who
41 purchases an alternative fuel vehicle and then leases the vehicle to a
42 governmental entity is entitled to take a tax credit pursuant to this section
43 for the purchase of the vehicle.

1 I. Except as provided in subsections K and L of this section,
2 notwithstanding subsection B of this section and if the vehicle is not a
3 neighborhood electric vehicle:

4 1. If a person receives a grant pursuant to section 41-1516 for the
5 purchase of an alternative fuel vehicle or the conversion of a conventionally
6 fueled vehicle to operate on alternative fuel, the tax credit pursuant to
7 this section shall only be for the incremental cost of the purchase or
8 conversion. This paragraph does not apply to a used conventionally fueled
9 vehicle that is converted to operate on alternative fuel.

10 2. If the person applies for a grant pursuant to section 41-1516 and
11 submits to the department of revenue an affidavit issued by the department
12 of commerce stating that monies are not available in the Arizona clean air
13 fund for grants, that the person would qualify for a grant if monies were
14 available in the fund and that the person is eligible for a tax credit
15 pursuant to this section or section 43-1086, the person is eligible for a tax
16 credit in the amount prescribed in this section plus the incremental cost of
17 the purchase or conversion. This paragraph does not apply to a used
18 conventionally fueled vehicle that is converted to operate on alternative
19 fuel.

20 J. Co-owners of a business, including corporate partners in a
21 partnership, may each claim only the pro rata share of the credit allowed
22 under this section based on the ownership interest. The total of the credits
23 allowed all such owners may not exceed the amount that would have been
24 allowed for a sole owner of the business.

25 K. The credit provided by this section is not allowed for any of the
26 following:

27 1. The purchase or lease of an alternative fuel vehicle that is made
28 pursuant to a contract or purchase order entered into on or after October 20,
29 2000.

30 2. The purchase or lease of an alternative fuel vehicle that is made
31 on or after October 20, 2000, if the purchase or lease is not made pursuant
32 to a contract or purchase order entered into by the taxpayer before October
33 20, 2000.

34 3. Any expense incurred for conversion of a conventionally fueled
35 vehicle to operate on alternative fuel that is made pursuant to a contract
36 or purchase order entered into on or after October 20, 2000.

37 4. Any expense incurred for conversion of a conventionally fueled
38 vehicle to operate on alternative fuel on or after October 20, 2000, if the
39 expense is not incurred pursuant to a contract or purchase order entered into
40 by the taxpayer before October 20, 2000.

41 L. The total amount of a tax credit allowed pursuant to this section
42 or the total amount of a tax credit allowed pursuant to this section plus the
43 amount of any grant provided pursuant to section 41-1516 shall not be more
44 than the amount the taxpayer actually paid for the vehicle.

1 M. The department shall calculate any recapture amount by multiplying
2 the tax credit by the following percentages:

3 1. One hundred per cent if the date of the event that causes recapture
4 is within the first full year after the date the vehicle was placed in
5 service.

6 2. Sixty-six and two-thirds per cent if the date of the event that
7 causes recapture is within the second full year after the date the vehicle
8 was placed in service.

9 3. Thirty-three and one-third per cent if the date of the event that
10 causes recapture is within the third full year after the date the vehicle was
11 placed in service.

12 N. Section 42-2059 does not apply to compliance review pursuant to
13 subsection E of this section.

14 O. For purposes of this section:

15 1. "Alternative fuel" has the same meaning prescribed in section
16 1-215.

17 2. "Alternative fuel vehicle", "bi-fuel vehicle", "gross vehicle
18 weight", "incremental cost", "manufacturer's base retail price",
19 "neighborhood electric vehicle", "new" and "used" have the same meaning
20 prescribed in section 43-1086.

21 Sec. 4. Retroactivity

22 Sections 43-1086 and 43-1174, Arizona Revised Statutes, as amended by
23 this act, apply retroactively to taxable years beginning from and after
24 December 31, 1999.

25 Sec. 5. Emergency

26 This act is an emergency measure that is necessary to preserve the
27 public peace, health or safety and is operative immediately as provided by
28 law.

APPROVED BY THE GOVERNOR APRIL 21, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2001.

Passed the House April 16, 2001,

by the following vote: 51 Ayes,

5 Nays, 4 Not Voting

with emergency

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

Passed the Senate March 12, 2001,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

with Emergency

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

16 day of April, 2001,

at 4:53 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 21 day of

April, 2001,

at 9:57 o'clock A M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 23 day of April, 2001,

at 4:45 o'clock P M.

[Signature]
Secretary of State

S.B. 1371