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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1897

02/28/2019 Authored by Persell; Becker-Finn; Lee; Xiong, J., and Stephenson
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; allowing a tax credit for electric and hybrid
1.3 vehicle purchases; amending Minnesota Statutes 2018, section 169.011, by adding
1.4 a subdivision; proposing coding for new law in Minnesota Statutes, chapter 290.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2018, section 169.011, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 34a. Hybrid vehicle. "Hybrid vehicle" means an electric vehicle that contains an
1.9 internal combustion engine and also allows power to be delivered to the drive wheels by a
1.10 battery-powered electric motor.

1.11 Sec. 2. [290.0963] ELECTRIC AND HYBRID VEHICLE CREDIT.

1.12 Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this
1.13 subdivision have the meanings given.

1.14 (b) "Purchase price" has the meaning given in section 297B.01, subdivision 14.

1.15 (c) "Qualifying vehicle" means a vehicle with a purchase price of \$50,000 or less that
1.16 is:

1.17 (1) an all-electric vehicle, as defined in section 169.011, subdivision 1a, paragraph (a);

1.18 (2) a plug-in hybrid electric vehicle, as defined in section 169.011, subdivision 54a; or

1.19 (3) a hybrid vehicle, as defined in section 169.011, subdivision 34a.

2.1 "Qualifying vehicle" includes a station wagon, van, and sport utility vehicle, but does not
2.2 include a neighborhood electric vehicle as defined in section 169.011, subdivision 47, or
2.3 medium-speed electric vehicle as defined in section 169.011, subdivision 39.

2.4 Subd. 2. **Credit allowed.** (a) A taxpayer who purchased a qualifying vehicle in the
2.5 taxable year is allowed a credit against the tax imposed under this chapter. The credit equals:

2.6 (1) \$3,000 if the qualifying vehicle purchased by the taxpayer was new; and

2.7 (2) \$1,500 if the qualifying vehicle purchased by the taxpayer was previously owned.

2.8 (b) A taxpayer may claim a credit under this section only one time.

2.9 (c) For a part-year resident, the credit must be allocated based on the percentage calculated
2.10 under section 290.06, subdivision 2c, paragraph (e).

2.11 Subd. 3. **Carryover.** The credit is limited to the liability for tax, as computed under this
2.12 chapter, for the taxable year. If the amount of the credit for any taxable year exceeds this
2.13 limitation, the excess is a credit carryover to each of the two succeeding taxable years. The
2.14 entire amount of the excess unused credit for the taxable year is carried first to the earliest
2.15 of the taxable years to which the credit may be carried and then to each successive year to
2.16 which the credit may be carried.

2.17 Subd. 4. **Sunset.** This section expires for taxable years beginning after December 31,
2.18 2023.

2.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.20 31, 2018.