



**Revenue Ruling  
No. 03-004  
August 22, 2003  
Fiduciary Income Tax, Individual Income Tax, and Corporation Income Tax  
Alternative Fuel Usage Credit for Low-Speed Vehicles**

**Purpose:**

This Revenue Ruling addresses the credit allowed a purchaser of a low-speed vehicle that is originally equipped to be propelled by an alternative fuel.

**Facts**

A taxpayer purchases a low-speed vehicle. It is a four-wheeled, electric-powered vehicle with a maximum speed of not less than twenty miles per hour but not more than twenty-five miles per hour and is equipped with the minimum motor vehicle equipment appropriate for vehicle safety. It can be operated on roadways where the posted speed limit is thirty-five miles per hour. It may cross roadways with a posted speed limit in excess of thirty miles per hour at an intersection.

**Analysis/Discussion:**

Louisiana Revised Statutes sections 47:38 and 47:287.757 provide a credit against income tax for investing in qualified clean-burning motor vehicle fuel property. These statutes define alternative fuels to include any fuel that meets or exceeds federal clean air standards. In order to qualify for the credit, the motor vehicle must be registered with the Louisiana Department of Public Safety and Corrections. Act 986 of the 2003 Regular Session of the Louisiana Legislature amended and reenacted La. Rev. Stat. Ann. §§ 32:1(40), 408(C), 1301, and 1304(A)(1) and (2), and enacted La. Rev. Stat. Ann. § 32:300.1 relative to motor vehicles. With the passage of Act 986 a “low-speed vehicle” is included in the definition of “motor vehicle” and is required to be registered with the Louisiana Department of Public Safety and Corrections.

Because a “low-speed” vehicle is now included in the definition of a “motor vehicle” and is required to be registered with the Louisiana Department of Public Safety and Corrections, it may be eligible for the credit for converting vehicles to alternative fuel usage.

The credit is equal to twenty percent of one of the following four categories of cost that are eligible:

1. Cost related to the converting of a motor vehicle propelled by gasoline to be propelled by an alternative fuel, provided that such vehicle is registered with the Louisiana Department of Public Safety and Corrections,

**A Revenue Ruling is written to provide guidance to the public and to Department of Revenue employees. It is issued under Section 61:III.101(C) of the Louisiana Administrative Code to apply principles of law to a specific set of facts. A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.**

2. Certain costs related to the purchase of a motor vehicle originally equipped to be propelled by an alternative fuel, provided such vehicle is registered with the Louisiana Department of Public Safety and Corrections,
3. Cost of property that is directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a vehicle, and
4. 10% of the cost of a motor vehicle that is originally equipped with qualified clean-burning motor vehicle fuel property, provided that such vehicle is registered with the Louisiana Department of Public Safety and Corrections.

Because this revenue ruling only addresses the purchase of a vehicle that is originally equipped to be propelled by an alternative fuel, computing the credit using the cost in categories two and four are addressed.

Category two allows a credit of 20% of the cost of certain portions of a motor vehicle originally equipped to be propelled by an alternative fuel. Only the costs that are attributable to the storage of such fuel, the delivery to the engine of such fuel, and the exhaust of gases from combustion of such fuel are available for the credit.

In category four, if the taxpayer purchases a motor vehicle originally equipped to be propelled by an alternative fuel, and is unable or elects not to determine the cost necessary to use category two, the taxpayer may claim a credit in an amount not exceeding the lesser of 20% of 10% (in other words 2%) of the cost of the motor vehicle or \$1500.

**Conclusion:**

Because a “low-speed” vehicle is now included in the definition of a “motor vehicle” and is required to be registered with the Louisiana Department of Public Safety and Corrections, it may be eligible for the credit for converting vehicles to alternative fuel usage.

The amount eligible for the credit for vehicles originally equipped to be propelled by an alternative fuel is the cost of the equipment associated with storing the fuel, delivering the fuel to the motor, and removing exhaust from combustion of the fuel. The credit will be 20% of this amount.

If this information is not provided or the taxpayer elects not to determine the exact basis of such equipment, the credit is 2% of the cost of the vehicle, not to exceed \$1500.

**Example:**

The following example is provided to illustrate the application of this revenue ruling. It is not the only situation to which this revenue ruling applies.

A taxpayer purchases a solar powered vehicle that carries four people at a speed of up to 25mph. It is intended for local, urban, and community use. It is quiet, uses no nonrenewable energy and creates no pollution. It is properly registered with the Louisiana Department of Public Safety and Corrections. The U. S. Department of Energy classifies solar energy as an alternative fuel. The component cost analysis is provided.

In determining what is a qualifying component associated with storing fuel, delivering fuel to the motor and removing exhaust in an originally equipped vehicle, the standard is to allow those components that would be required to convert to alternative fuels usage. Therefore, items five through ten would qualify.

The credit under category two is 20% of \$3,535 or \$707. The credit under category four is 2% of \$8,665 or \$173.30.

1.	Basic Chassis (includes the frame, steering, brakes, etc.)	\$3,000
2.	Passenger Accommodations (includes the body, seats, windshield, etc.)	725
3.	Road-going Equipment (includes tires, wheels, lights)	810
4.	High Efficiency Electric Motor (48 volt, permanent magnet motor custom-built)	595
5.	Deep Cycle Lead-acid Batteries (8 Trojan deep cycle T105 batteries)	520
6.	Custom Molded Top (115" X 48" for solar panel mounting)	370
7.	Solar Panels (400 watts flex-panels)	1,600
8.	Charge Controller (Controls solar charging energy to the batteries)	80
9.	Electronic Speed Controller (Applies power from the solar panels and batteries to the motor, like a carburetor to a gas engine)	625
10.	Special Solar Panel Wiring, Energy Meter (Monitors energy coming in from the panels and going to the motor)	340
	Total Retail Price	\$8,665
	Total Retail Value of Solar Components. Items 5 through 10. (Per the manufacturer these items are part of the solar propulsion system)	\$3,535

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