

HCS HB 347 -- ALTERNATIVE FUELS

SPONSOR: Bivins (Munzlinger)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Energy and Environment by a vote of 11 to 0 with 1 present.

This substitute authorizes a tax credit for any eligible applicant who installs and operates an alternative fuel vehicle refueling facility. For tax years beginning January 1, 2008, through December 31, 2010, an eligible applicant may apply to the Department of Natural Resources for a tax credit equal to the lesser of \$20,000 or 20% of the total cost of the purchase and installation of alternative fuel storage and dispensing equipment.

The tax credit is to be claimed in the tax year in which it was issued, and the balance may be carried forward two subsequent tax years. The tax credit may be assigned, transferred, sold, or otherwise conveyed.

The amount of tax credits authorized in taxable year 2008 will be \$3 million, \$2 million in 2009, and \$1 million in 2010. If the tax credit amount authorized for a taxable year is not sufficient to cover the total qualified applications, the credits will be prorated among the qualified applicants.

The substitute lowers the tax on E-85 fuel from 17 cents per gallon to 13 cents per gallon. Companies which sell fuel to gas station and convenience store owners are required to allow those owners to sell alternative fuels from pumps located under their gas station or convenience store canopy.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2008, \$2,490,000 in FY 2009, and \$1,660,000 in FY 2010. Estimated Cost on Other State Funds of More than \$100,000 in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill will encourage the use of biodiesel and E-85 in Missouri. This will benefit many Missouri industries including farmers and automobile manufacturers. The bill will also create new jobs in the automotive industry. It will tax E-85 at the same rate as gasoline when differences in fuel economy are considered.

Testifying for the bill were Representative Munzlinger; Missouri Corn Growers Association; General Motors Corporation; Greater Kansas City Chamber of Commerce; DaimlerChrysler; Cecil Vaughn, United Autoworkers Local 710; United Auto Workers, Missouri State Cap Council; and Ray McCarty.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the Department of Agriculture should have oversight responsibility rather than the Department of Natural Resources and that the franchise contract provisions should be narrowly drawn.

Testifying on the bill was Missouri Petroleum Marketers and Convenience Store Association.