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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senator Samuel D. Zurier

Date Introduced: March 07, 2025

Referred To: Senate Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
2 amended by adding thereto the following section:

3 **44-30-28. Tax credit for alternative fuel motor vehicle conversion.**

4 (a)(1) Except as provided in subsection (b) of this section, an individual is allowed a tax
5 credit against taxes imposed by § 44-30-2.6 for equipment and labor costs incurred to convert a
6 motor vehicle licensed in Rhode Island to operate on alternative fuel.

7 (2) A seller of alternative fuel may not receive a credit for converting its own vehicles to
8 the alternative fuel that it sells.

9 (b) The maximum credit a taxpayer may claim in a year under this section is an amount
10 equal to fifty percent (50%) of the equipment and labor costs incurred but the credit may not exceed:

11 (1) Two thousand dollars (\$2,000) for conversion of a motor vehicle with a gross weight
12 of ten thousand pounds (10,000 lbs.) or less; or

13 (2) Three thousand dollars (\$3,000) for conversion of a motor vehicle with a gross vehicle
14 weight over ten thousand pounds (10,000 lbs.).

15 (c) For purposes of this section, "alternative fuel" means:

16 (1) Natural gas;

17 (2) Liquefied petroleum gas;

18 (3) Liquefied natural gas;

19 (4) Hydrogen;

1 (5) Cooking oil;
2 (6) Electricity; or
3 (7) Any other fuel if at least eighty-five percent (85%) of the fuel is methanol, ethanol or
4 other alcohol, ether, or any combination thereof.

5 (d)(1) The credit allowed under this section may not exceed the taxpayer's income tax
6 liability.

7 (2) There is no carryback or carryforward of the credit permitted under this section, and
8 the credit must be applied in the year the conversion is made, as determined by the taxpayer's
9 accounting method.

10 SECTION 2. This act shall take effect for the tax year beginning January 1, 2026.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PERSONAL INCOME TAX

- 1 This act would provide a tax credit to individual taxpayers who convert their gas-powered
- 2 vehicle into a vehicle propelled by an alternative fuel source.
- 3 This act would take effect for the tax year beginning January 1, 2026.

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