

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Alternative Fuel Vehicle Tax Subtraction

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This bill creates an alternative fuel vehicle subtraction from taxable income as calculated for the Minnesota income tax. The subtraction applies if an individual places an alternative fuel vehicle into service in the taxable year. It is \$2,000 for vehicles that weigh under 10,000 pounds, or \$5,000 for vehicles weighing at least 10,000 pounds. The subtraction is effective for vehicles used after June 30, 2006.

An alternative fuel vehicle is one that can run on non-gasoline fuels (such as natural gas, liquefied petroleum gas, and methanol) or a mixture containing at least 85 percent non-gasoline fuel (E85).