

SC INFORMATION LETTER #08-2

SUBJECT: Alternative Fuel Vehicles and Conversion Equipment - Sales Tax Rebate

DATE: January 22, 2008

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 2000)
S.C. Code Ann. Section 1-23-10(4) (Supp. 2000)
SC Revenue Procedure #05-2

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Alternative Fuel Vehicles and Conversion Equipment- Sales Tax Rebate

The Energy Freedom and Rural Development Act was enacted and codified in Chapter 63 of Title 12. Under Code Section 12-63-20(A), purchasers or lessees of certain alternative fuel or fuel efficient vehicles are eligible for a sales tax rebate of up to \$300 from July 1, 2008 to June 30, 2013.

To qualify, the vehicle purchased must be one of the following types of alternative fuel or fuel efficient vehicles:

1. Flex-Fuel Vehicles capable of operating on E85 motor fuel. Eligible vehicles for each model year are those models identified by the manufacturer as being flexible-fuel vehicles capable of operating on E85 motor fuel. E85 motor fuel is a fuel comprised of 85% ethanol fuel and 15% gasoline fuel.
2. Hydrogen-fueled vehicles and advanced lean-burn vehicles. A hydrogen fueled vehicle and advanced lean-burn vehicle is a vehicle classified by the United States Department of Energy as a hydrogen-fueled vehicle or lean-burn vehicle.
3. Hybrid vehicles, electric vehicles, or plug-in hybrid vehicles. A hybrid vehicle is defined as a hybrid gasoline-electric vehicle that is partially powered by a large on-board battery. An electric vehicle is defined as having at least 3 wheels, uses a large on-board battery or electric storage device, and is rated for more than 35 miles per hour and approved for use by the United States Department of Transportation for use on United States highways (excludes neighborhood electric vehicles.) A plug-in

hybrid vehicle is a vehicle classified by the United States Department of Energy as a hybrid vehicle capable of being propelled by both a gasoline-fueled internal combustion engine and an electric motor powered by a battery that can be recharged by being plugged into an external source of electricity.

4. High fuel-economy vehicles with a city fuel-economy rating by the United States Environmental Protection Agency (EPA) of 30 miles a gallon or higher.

In order to obtain this rebate, the following requirements must be met:

1. The vehicle must be purchased or leased after June 30, 2008 and before July 1, 2013.
2. The purchase or lease must be an in-state purchase or lease of the vehicle.
3. The rebate request must be submitted to the Department on a form created by the Department.

The rebates for these alternative fuel or fuel efficient vehicles will be phased in as follows:

A rebate of up to \$60 for purchases from July 1, 2008, through June 30, 2009,

A rebate of up to \$120 for purchases from July 1, 2009, through June 30, 2010,

A rebate of up to \$180 for purchases from July 1, 2010, through June 30, 2011,

A rebate of up to \$240 for purchases from July 1, 2011, through June 30, 2012, and

A rebate of up to \$300 for purchases from July 1, 2012, through June 30, 2013.

In addition to the rebate for in-state purchases and leases of the above alternative fuel or fuel-efficient automobiles, a rebate of not more than \$500 is available for persons who purchase equipment used in the conversion of a conventional hybrid electric vehicle to a plug-in hybrid electric vehicle or for the in-state purchase of EPA-certified equipment for the conversion of conventional vehicles to operate on propane, compressed natural gas, liquefied natural gas, hydrogen or E85 (85% ethanol and 15% gasoline). The rebate for conversion equipment will be phased in as follows:

A rebate of up to \$100 for conversions occurring from July 1, 2008, through June 30, 2009,

A rebate of up to \$200 for conversions occurring from July 1, 2009, through June 30, 2010,

A rebate of up to \$300 for conversions occurring from July 1, 2010, through June 30, 2011,

A rebate of up to \$400 for conversions occurring from July 1, 2011, through June 30, 2012, and

A rebate of up to \$500 for conversions occurring from July 1, 2012, through June 30, 2013.

However, under Code Section 12-63-20(E) the total of all rebates paid for each State fiscal year (July 1 through June 30) is limited as follows:

For purchases of Flex-Fuel Vehicles (which are capable of operating on E85 motor fuel), the total of all rebates is limited to \$2,050,000 for all eligible claimants and must apply proportionally to all eligible claimants.

For purchases of hydrogen fueled vehicles, advanced lean-burn vehicles, hybrid vehicles, electric vehicles, plug-in hybrid vehicles, high fuel-economy vehicles, and qualified conversion equipment, the total of all rebates is limited to \$2,100,000 for all eligible claimants and must apply proportionally to all eligible claimants.

Form ST- 447 must be used when requesting these rebates from the Department of Revenue. This form can be found on the Department's website (www.sctax.org).