

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	SB 797
Version:	ENGR
Request Number:	NA
Author:	Rep. O'Donnell
Date:	4/1/2019
Impact:	Tax Commission:
	No Impact to Revenue is Anticipated

Research Analysis

Engrossed SB797 modifies a tax credit for investments in qualified clean-burning motor vehicle fuel property by:

- Extending the sunset date of the credit until December 31, 2026;
- Removing references to equipment or property that uses hydrogen fuel cells as the energy source;
- Modifying the amount and procedure for calculating credits;
- Establishing a \$20 million annual cap for credits claimed beginning tax year 2020;
- Requiring the Oklahoma Commission to monitor tax credit usage and report usage to the State Secretary of Energy and Environment any time the amount of credits claimed reaches 80 percent of the annual limit; and
- Requiring the Secretary to notifying the Governor, House and Senate when the 80 percent threshold is reached.

For the purchase or conversion of a qualified motor vehicle, the credit amount will be based on the weight of the vehicle (please refer to table below). Currently, the credit is calculated at 45% of the cost of the property.

Vehicle Weight (lbs)	Maximum Credit Amount
Under 6,000	\$ 5,500
6,001-10,000	\$ 9,000
10,001-26,500	\$ 26,000
26,501+	\$ 50,000

For the purchase of infrastructure property such as a refueling station, the credit amount is decreased from 75 percent to 45 of the cost effective July 1, 2019.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

This measure proposes to:

- Extend the sunset date from tax year 2019 to tax year 2026.
- Impose a statewide cap of \$20 million effective for tax year 2020. If the amount of claims for credits allowed reaches eighty percent (80%) of the total annual limit, the Tax Commission will notify the Office of the State Secretary of Energy and Environment. If the total amount of credits exceeds \$20 million, the Tax Commission shall annually calculate and publish by the first day of the affected year a percentage by which the credits authorized shall be reduced so the total amount of credits used to offset tax does not exceed \$20 million per year².
- Reduce the infrastructure component (delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, for commercial purposes or for a fee or charge) from 75% to 45%.
- Amend the credit amount of the motor vehicle component; it will no longer be 45% of the cost of the qualified clean-burning motor vehicle property, but will now be based on the weight of the vehicle as outlined below:

Vehicle Weight (lbs)	Maximum Credit Amount
Under 6,000	\$5,500
6,001 to 10,000	\$9,000
10,001 to 26,500	\$26,000
26,501 and above	\$50,000

The expenditure for tax year 2016 for this credit was \$7.9 million. There is no expectation that this amount will increase significantly. Therefore no impact to revenue is anticipated as a result of this measure.

¹ Obsolete language relating to hydrogen fuel cells is also stricken.

² The Oklahoma Tax Commission is required to calculate the cap based on the previous two years.

Prepared By: Mark Tygret

Other Considerations

None.