Bill Summary
1st Session of the 57th Legislature

Bill No.:	**SB 797**
Version:	**INT**
Request No.:	**424**
Author:	**Sen. Bice**
Date:	**01/30/2019**

Bill Analysis

SB 797 extends the income tax credit for investments in qualified clean-burning motor vehicle fuel property from 2020 to 2027. The measure removes investments in metered-for-fee, recharge stations from the credit and establishes the maximum amount of credit claimed per vehicle based on the weight of each vehicle. For investments in real property, the measure lowers the claimable percentage from 75% to 45% of the cost of the qualified clean-burning motor vehicle fuel property. Beginning January 1, 2020, the total claimed credits will be capped at $20 million. Credits claimed in excess of this amount will cause the Oklahoma Tax Commission (OTC) to award credits on a pro rata basis. The OTC shall notify the Office of the State Secretary of Energy and Environment whenever 80% of the authorized annual amount is claimed. The Secretary will then notify the Governor, President Pro Tempore, and Speaker.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 14, 2019

BILL NUMBER: SB 797 **STATUS AND DATE OF BILL:** Introduced 1/17/19

AUTHORS: House n/a Senate Bice

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: Amendatory

SB 797 proposes to amend 68 O.S. § 2357.22, which relates to the Credit for Conversion of Motor Vehicles to Clean Burning Fuel. This measure proposes to 1) extend the sunset date; 2) change the credit calculation percentages for tax year 2020; 3) remove electric vehicle charging station infrastructure from being eligible for the credit; and 4) impose a state wide cap of $20 million effective for tax year 2020 and subsequent years.

EFFECTIVE DATE: January 1, 2020

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: No impact to revenue is anticipated
FY 21: No impact to revenue is anticipated

Feb. 15, 2019 — Rick Miller — mck
DATE — DIVISION DIRECTOR

2-15-2019 — Huan Gong
DATE — HUAN GONG, ECONOMIST

2-15-19 — [signature]
DATE — FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO FISCAL IMPACT - SB 797[Introduced] Prepared February 14, 2019

SB 797 proposes to amend 68 O.S. § 2357.22, which relates to the Credit for Conversion of Motor Vehicles to Clean Burning Fuel. This measure proposes to 1) extend the sunset date; 2) change the credit calculation percentages for tax year 2020; 3) remove electric vehicle charging station infrastructure from being eligible for the credit; and 4) impose a state wide cap of $20 million effective for tax year 2020 and subsequent years. [1]

Under current law a one-time income tax credit is allowed for investments in qualified clean-burning motor vehicle fuel property through tax year 2019. Depending on the type of property, the credit is either forty-five percent (45%) or seventy-five percent (75%) of the cost of the qualified clean-burning motor vehicle fuel property. In cases where no credit is previously claimed and a motor vehicle is purchased with "factory installed" clean-burning fuel equipment, and the taxpayer elects not to determine the exact investment cost, the credit is limited to ten percent (10%) of the motor vehicle purchase price up to One Thousand Five Hundred Dollars ($1,500.00). Property directly related to the delivery of natural gas from a private home qualifies for a credit of the lesser of fifty percent (50%) of the cost of the property or Two Thousand Five Hundred Dollars ($2,500.00). Any credit allowed but not used may be carried over for a period of five (5) years.

This measure proposes to:

- Extend the sunset date from tax year 2019 to tax year 2026.
- Impose a state wide 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 fiscal 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 year. [2]
- Amend the definition of "qualified clean-burning motor vehicle fuel property", so that the cost of electric vehicle charging station infrastructures is no longer eligible for the credit.
- 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%.[3]
- 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.

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[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. Although not specified it is assumed that the cap will be calculated based on the tax year the credits are used to offset tax.

[3] This measure does not specify when the decrease to 45% is to occur. The effective date for this measure is January 1, 2020; therefore it is assumed that the decrease to 45% is effective for tax year 2020.