

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2234
Version:	FA1
Request Number:	7910
Author:	Rep. Hilbert
Date:	3/9/2021
Impact:	Tax Commission:

Revenue Impact Estimates:

Electric Car Charging Tax: Unknown
Income Tax Credit: Unknown
Registration Fee: Unknown
Sales Tax: Unknown

Administrative Costs

Research Analysis

The committee substitute for HB 2234 creates the Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Act of 2021, which seeks to provide revenue for general government expenditures.

Beginning January 1, 2023, the measure imposes a tax of 3 cents per kilowatt hour on the electric current used to charge electric or hybrid vehicles. The tax shall solely be applied to the electricity transferred. The electric current shall not be subjected to a sales tax. Further, the 3 cent tax shall not be applicable to electric vehicles charged at a private residence.

Any tax revenue collected shall be apportioned to the DRIVE Revolving Fund created in this act. The measure requires charging station owners to remit the tax monthly, using forms prescribed by the Tax Commission. Legacy chargers, and public charging stations that have never charged a fee for their use, are exempt from remitting the tax until 2041. The Tax Commission may terminate a charging station owner's operator license if the owner fails to remit the tax as required.

The Oklahoma Corporation Commission may inspect the premises and equipment of the charging station, and may require periodic third-party testing, calibration, and inspection reports. The Commission may set fees necessary to carry out these duties, and may also assess a penalty of not more than \$500 per day to charging station operators that fail to comply with these requirements.

Charging stations constructed after November 1, 2021 shall use a metering system that is capable of imposing the cost for the charging service. The metering system shall include a system that allows for an audit of the electricity supplied. The Oklahoma Tax Commission may inspect the premises and equipment of any charging station in order to enforce compliance.

The measure creates an income tax credit in the amount that shall not exceed the total amount in registration fees paid by the electric or hybrid vehicle owner.

In addition to standard vehicle registration fees, the measure requires the tax commission to establish an additional registration fee for electric vehicles that is based on vehicle weight. At first, the revenue will go to the DRIVE Revolving Fund. After July 1, 2027, 85% of the revenues from this fee shall be apportioned to the DRIVE Revolving Fund, and 15% will be apportioned to various counties of the state.

Lastly, the measure allows each motor license agent to retain \$3.56 for each electric vehicle registered. Agents may also retain 3.25% of the vehicle excise tax collected.

Prepared By: Emily Wendler

Modifications Contained in Floor Substitute

The floor substitute for HB 2234 pushes back the date the tax will be levied, from January 1, 2023, to January 1, 2024. Charging stations now have to register with the Tax Commission by January 31, 2024. The floor substitute also transfers the DRIVE Revolving Fund from the Tax Commission to the Department of Transportation.

Prepared By: Emily McPherson

Fiscal Analysis

The measure includes:

- Provides for the levy of a tax at a rate of \$0.03 per kilowatt hour or its equivalent on the electric current used to charge or recharge the battery or batteries of an electric vehicle.
- Provides charging station disclosure of charges for electric power.
- Provides that legacy chargers and public charging stations that have never charged a fee for use are exempt from remitting the tax until 2041
- Provides for apportionment of revenue derived from the tax
- Provides for the registration of charging stations
- Designates the Corporation Commission as the inspecting agency
- Creates an income tax credit, effective in tax year 2024, in the amount of electric vehicle charging taxes paid by an individual or lawfully recognized entity
- Establishes a registration fee for electric vehicles based upon the weight of the vehicle, ranging from \$110.00 to \$1,687.00 and provides for apportionment of revenue
- Allows for retention of certain amounts by motor license agents for excise tax and registration transactions
- Exempts sales of electricity at charging stations when sold for the purpose of charging electric vehicles

Revenue Impact

Electric Vehicle Charging Tax

Tax Commission records do not contain information regarding the meter status of currently operational charging stations, and unable to determine which are legacy stations. Also, the amount of electricity now sold by existing charging stations is unknown. Revenue impact of tax: Unknown

Income Tax Credit

With the credit effective in tax year 2024, the potential credits claimed is unknown

Registration Fee

The Commission lacks needed software to identify vehicles by weight or classification number, and whether any available software necessary for identification will allow for calculation of annual registration requirements. Unknown increase in motor vehicle registration fees.

Sales Tax

Sales of electricity used in charging of an electric vehicle is subject to state and local sales tax. Vehicles charged at home are exempt from state sales tax but are subject to local sales taxes. The value of electricity sold by public charging stations is not readily available. Revenue decrease is unknown.

Administrative

The commission indicates administrative costs associated with developer time (3-4 months) for the charging tax and registrations (1.5 to 3 months) are estimated to approach \$253,000. Annual costs associated with software are also anticipated.

Prepared By: Mark Tygret

Other Considerations

None.