

# OKLAHOMA TAX COMMISSION

## REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 3, 2022

BILL NUMBER: SB 1857 STATUS AND DATE OF BILL: Introduced 1/21/2022

AUTHORS: House NA Senate David

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 1857 proposes to amend 68 O.S. § 2357.22 to extend the credit for investments in qualified clean-burning motor vehicle fuel property to tax year 2028 and to expand the definition of “qualified clean-burning motor vehicle fuel property” to include a motor vehicle originally propelled by a hydrogen fuel cell electric fueling system, as well as related hydrogen fueling property. The maximum allowable credit amount for a qualifying natural gas or liquefied petroleum gas vehicle in excess of 26,501 pounds is increased from \$50,000 to \$100,000, and total annual credits used to offset tax are increased from \$20 million to \$30 million.

EFFECTIVE DATE: January 1, 2023

### REVENUE IMPACT:

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

FY 23: Estimated decrease in estimated income tax payments of \$275,000.

FY 24: Estimated decrease in income tax revenue of \$550,000.

Feb. 7, 2022

DATE

Rick Miller

DIVISION DIRECTOR

bdf

2/7/2022

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/7/2022

DATE

[Signature]

FOR THE COMMISSION

*The 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 REVENUE IMPACT – SB 1857 [Introduced] Prepared 2/3/2022

SB 1857 proposes to amend 68 O.S. § 2357.22 to extend the credit for investments in qualified clean-burning motor vehicle fuel property to tax year 2028 and to expand the definition of “qualified clean-burning motor vehicle fuel property” to include a motor vehicle originally propelled by a hydrogen fuel cell electric fueling system, as well as related hydrogen fueling property. The maximum allowable credit amount for a qualifying natural gas or liquefied petroleum gas vehicle in excess of 26,501 pounds is increased from \$50,000 to \$100,000, and total annual credits used to offset tax are increased from \$20 million to \$30 million.

U.S. Department of Energy Alternative Fuels Data Center records indicate all hydrogen fueling stations in the U.S. are currently located in California and Hawaii.<sup>1</sup> Additional internet research indicates that 11,016 hydrogen fuel cell vehicles existing in the U.S. as of August 1, 2021, were also located in California and Hawaii.<sup>2</sup> Based on this information, it is not expected that the proposed credit for hydrogen fuel cell property will have a significant impact on income tax revenue.

Per Oklahoma Tax Commission records, credits used for the purchase or conversion of a qualifying natural gas or liquefied petroleum gas vehicle for tax year 2019 totaled approximately \$2.2 million. For this analysis, it is assumed that 25% of these credits were established for vehicles in excess of 26,501 pounds for a total credit amount used of approximately \$550,000. Assuming similar activity for tax year 2023, an estimated decrease in income tax revenue of \$550,000 is expected as a result of this proposal. This decrease may begin to occur in FY 23, due to a potential reduction of estimated tax payments, and the full impact is expected for FY 24 when the 2023 returns are filed.

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<sup>1</sup> See [https://afdc.energy.gov/fuels/hydrogen\\_locations.html#/find/nearest?fuel=HY](https://afdc.energy.gov/fuels/hydrogen_locations.html#/find/nearest?fuel=HY).

<sup>2</sup> See <https://www.autoweek.com/news/technology/g32203425/10-things-about-hydrogen-fuel-cell-vehicles-in-america/#:~:text=Combined%20with%20additional%20research%2C%20here,cell%20vehicles%20in%20America%20to day.&text=As%20of%20August%201%2C%202021,the%20California%20Fuel%20Cell%20Partnership>.