

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 10, 2023

BILL NUMBER: SB 589 **STATUS AND DATE OF BILL:** Introduced 1/17/23

AUTHORS: House: n/a Senate: Montgomery

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

PROPOSAL: Amendatory

SB 589 proposes to amend 68 O.S. § 2357.22, which provides an income tax credit for investments in qualified clean-burning motor vehicle fuel property placed in service on or after January 1, 1991. For vehicles in excess of 26,501 pounds, the proposed maximum credit is:

- \$100,000 for tax year 2023.
- \$250,000 for tax year 2024.
- \$200,000 for tax year 2025.
- \$150,000 for tax year 2026.
- \$100,000 for tax years 2027 and 2028.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: Unknown decrease in income tax revenue.

FY 25: Unknown decrease in income tax revenue.

Feb. 10, 2023
DATE

Rick Miller
DIVISION DIRECTOR bf

2/10/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/10/2023
DATE

Joseph P Gappa
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 589 [Introduced] Prepared 2/10/23

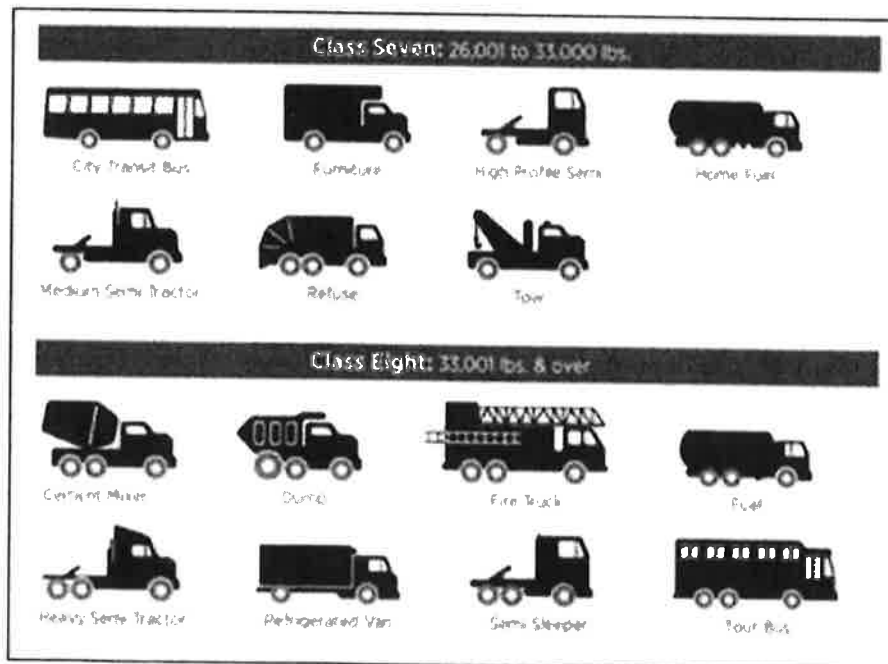
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- \$100,000 for tax years 2027 and 2028.

Currently, the maximum annual credit amount for qualified vehicles in excess of 26,501 pounds is \$100,000, effective for tax years 2028 and before.

The U.S. Department of Transportation's Federal Highway Administration published the following vehicle definitions:¹

- Class 7 - Heavy Duty includes large delivery trucks and tractor-trailer combinations with a GVWR (gross vehicle weight rating) of 26,001 to 33,000 lbs. and 6 tires or more.
- Class 8 - Heavy Duty includes motor coaches, all tractor-trailer combinations, refuse trucks, and construction vehicles with a GVWR of 33,001 or more and 10 or more tires.



Graphic source: <https://nhcleancities.org/2016/04/various-vehicle-weight-classes-matter/>

The number of such vehicles that could qualify as clean-burning motor vehicle fuel property for the credit is unknown. As a result, the expected impact of the proposal is an unknown decrease in income tax revenue for both FY 24 and 25.

¹ See https://www.fhwa.dot.gov/publications/selw/2010/01/bm421.htm#_ftoc_title-1. Text: Class 7 (20,001 to 26,000 lbs.) and Class 8 (26,001 to 33,000 lbs.) include only those vehicles that are 2000 or more lbs.