

BILL SUMMARY
1st Session of the 60th Legislature

Bill No.:	HB1427
Version:	CS
Request Number:	13254
Author:	Rep. Wilk
Date:	3/10/2025
Impact:	Unknown

Research Analysis

The committee substitute for HB1427 allow tax credits for investments in qualified clean-burning motor vehicle fuel property to be claimed against insurance premium tax.

Prepared By: Quyen Do

Fiscal Analysis

According to the Oklahoma Tax Commission (OTC), as this bill does not change the cap on the current program, only amends what it can be used for, there should be no fiscal impact from that change. OTC does note that it could affect insurance premiums as collected by the Oklahoma Insurance Department (OID). OID states while it would not affect the agency directly, it would likely lower the amount of premium tax deposited to the General Revenue Fund but do not know what that decrease may be.

Therefore, there is an unknown possible impact to the General Revenue Fund.

ESTIMATED REVENUE IMPACT:

FY26: No anticipated change in income tax collections; unknown change to insurance premium tax collections.

ANALYSIS: The PSCS for HB 1427 (Req. No 12542) proposes to amend 68 O.S. § 2357.22 relating to the *Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property* by allowing the credit to be used against taxes imposed pursuant to 36 O.S. § 624 or 36 O.S. § 628 (Insurance Premium Tax). The PSCS is different from the introduced version by allowing the credit to be claimed against insurance premium taxes. The introduced version specified that insurance companies claiming the credit² would not be subject to a retaliatory tax and further specifying that the credit may be claimed against any retaliatory tax under Title 36 of the Oklahoma Statutes.

Overall, this credit has a \$30 million cap that the Oklahoma Tax Commission (OTC) manages by using a two-year lookback on credit usage. Most recent Oklahoma income tax data suggests under \$10 million in income tax offset by this credit. Allowing this credit to be used to offset insurance premium tax should have no additional effect on income tax collections, although insurance premium tax collections could decrease.

ADMINISTRATIVE CONCERNS: The measure does not establish a mechanism for the Oklahoma Insurance Department to share credit usage data with the OTC. Without this information, OTC would be unable to enforce the annual credit cap.

Prepared By: Mariah Searock, House Fiscal Staff

Other Considerations

None.

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