

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
4 FOR

5 HOUSE BILL NO. 1427

6 By: Wilk

7 COMMITTEE SUBSTITUTE

8 [revenue - taxation - credits - property - taxes -

9 effective date -

10 emergency]

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13 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

14 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.22, as
15 last amended by Section 153, Chapter 452, O.S.L. 2024 (68 O.S. Supp.
16 2024, Section 2357.22), is amended to read as follows:

17 Section 2357.22. A. For tax years 2028 and before, there shall
18 be allowed a one-time credit against the income tax imposed by
19 Section 2355 of this title for investments in qualified clean-
20 burning motor vehicle fuel property placed in service on or after
21 January 1, 1991, or with respect to a hydrogen fuel cell, on or
22 after the effective date of this act, or for credits claimed based
23 upon investment in qualified clean burning motor vehicle fuel
24 property made on or after the effective date of this act, there

1 shall be allowed a credit against the taxes imposed pursuant to
2 Section 624 or 628 of Title 36 of the Oklahoma Statutes.

3 B. As used in this section, "qualified clean-burning motor
4 vehicle fuel property" means:

5 1. Equipment installed to modify a motor vehicle which is
6 propelled by gasoline or diesel fuel so that the vehicle may be
7 propelled by compressed natural gas, a hydrogen fuel cell, liquefied
8 natural gas, or liquefied petroleum gas. The equipment covered by
9 this paragraph must:

- 10 a. be new, not previously used to modify or retrofit any
11 vehicle propelled by gasoline or diesel fuel and be
12 installed by an alternative fuels equipment technician
13 who is certified in accordance with the Alternative
14 Fuels Technician Certification Act,
15 b. meet all Federal Motor Vehicle Safety Standards set
16 forth in 49 CFR 571, or
17 c. for any commercial motor vehicle (CMV), follow the
18 Federal Motor Carrier Safety Regulations or Oklahoma
19 Intrastate Motor Carrier Regulations;

20 2. A motor vehicle originally equipped so that the vehicle may
21 be propelled by compressed natural gas, a hydrogen fuel cell, or
22 liquefied natural gas or liquefied petroleum gas but only to the
23 extent of the portion of the basis of such motor vehicle which is
24 attributable to the storage of such fuel, the delivery to the engine

1 of such motor vehicle of such fuel, and the exhaust of gases from
2 combustion of such fuel;

3 3. Property, not including a building and its structural
4 components, which is:

5 a. directly related to the delivery of compressed natural
6 gas, liquefied natural gas or liquefied petroleum gas,
7 or hydrogen for commercial purposes or for a fee or
8 charge, into the fuel tank of a motor vehicle
9 propelled by such fuel including compression equipment
10 and storage tanks for such fuel at the point where
11 such fuel is so delivered but only if such property is
12 not used to deliver such fuel into any other type of
13 storage tank or receptacle and such fuel is not used
14 for any purpose other than to propel a motor vehicle,
15 or

16 b. a metered-for-fee, public access recharging system for
17 motor vehicles propelled in whole or in part by
18 electricity. The property covered by this paragraph
19 must be new, and must not have been previously
20 installed or used to refuel vehicles powered by
21 compressed natural gas, liquefied natural gas or
22 liquefied petroleum gas, hydrogen, or electricity;

23 4. Property which is directly related to the compression and
24 delivery of natural gas from a private home or residence, for

1 noncommercial purposes, into the fuel tank of a motor vehicle
2 propelled by compressed natural gas. The property covered by this
3 paragraph must be new and must not have been previously installed or
4 used to refuel vehicles powered by natural gas; or

5 5. For tax years 2010 and 2023 through 2028, a motor vehicle
6 originally equipped so that the vehicle may be propelled by a
7 hydrogen fuel cell electric fueling system.

8 C. As used in this section, "motor vehicle" means a motor
9 vehicle originally designed by the manufacturer to operate lawfully
10 and principally on streets and highways.

11 D. The credit provided for in subsection A of this section
12 shall be as follows:

13 1. For the qualified clean-burning motor vehicle fuel property
14 defined in paragraphs 1, 2, or 5 of subsection B of this section,
15 the amount of the credit shall be as follows based upon gross
16 vehicle weight of the qualified vehicle:

17 a. for vehicles up to or below six thousand (6,000)
18 pounds, the credit shall be a maximum of Five Thousand
19 Five Hundred Dollars (\$5,500.00),

20 b. for vehicles between six thousand one (6,001) pounds
21 to ten thousand (10,000) pounds, the credit shall be a
22 maximum amount of Nine Thousand Dollars (\$9,000.00),

23 c. for vehicles of ten thousand one (10,001) pounds, but
24 not in excess of twenty-six thousand five hundred

1 (26,500) pounds, the credit shall be a maximum amount
2 of Twenty-six Thousand Dollars (\$26,000.00), and

3 d. for vehicles in excess of twenty-six thousand five
4 hundred one (26,501) pounds, the credit shall be a
5 maximum amount of One Hundred Thousand Dollars
6 (\$100,000.00);

7 2. For qualified clean-burning motor vehicle fuel property
8 defined in paragraph 3 of subsection B of this section, a per-
9 location credit of forty-five percent (45%) of the cost of the
10 qualified clean-burning motor vehicle fuel property; and

11 3. For qualified clean-burning motor vehicle fuel property
12 defined in paragraph 4 of subsection B of this section, a per-
13 location credit of the lesser of fifty percent (50%) of the cost of
14 the qualified clean-burning motor vehicle fuel property or Two
15 Thousand Five Hundred Dollars (\$2,500.00).

16 E. In cases where no credit has been claimed pursuant to
17 paragraph 1 of subsection D of this section by any prior owner and
18 in which a motor vehicle is purchased by a taxpayer with qualified
19 clean-burning motor vehicle fuel property installed by the
20 manufacturer of such motor vehicle and the taxpayer is unable or
21 elects not to determine the exact basis which is attributable to
22 such property, the taxpayer may claim a credit in an amount not
23 exceeding the lesser of ten percent (10%) of the cost of the motor
24 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

1 F. If the tax credit allowed pursuant to subsection A of this
2 section exceeds the amount of income taxes due or if there are no
3 state income taxes due on the income of the taxpayer, the amount of
4 the credit not used as an offset against the income taxes of a
5 taxable year may be carried forward, in order, as a credit against
6 subsequent income tax liability for a period not to exceed five (5)
7 years. The tax credit authorized pursuant to the provisions of this
8 section shall not be used to reduce the tax liability of the
9 taxpayer to less than zero (0).

10 G. A husband and wife who file separate returns for a taxable
11 year in which they could have filed a joint return may each claim
12 only one-half (1/2) of the tax credit that would have been allowed
13 for a joint return.

14 H. The Oklahoma Tax Commission is herein empowered to
15 promulgate rules by which the purpose of this section shall be
16 administered including the power to establish and enforce penalties
17 for violations thereof.

18 I. Notwithstanding the provisions of Section 2352 of this
19 title, for the fiscal year beginning on July 1, 2014, through fiscal
20 year 2023, the Tax Commission shall calculate an amount that equals
21 five percent (5%) of the cost of qualified clean-burning motor
22 vehicle fuel property as provided for in paragraph 1 of subsection D
23 of this section for tax year 2012. For each subsequent fiscal year
24 thereafter, the Tax Commission shall perform the same computation

1 with respect to the second tax year preceding the beginning of each
2 subsequent fiscal year. For fiscal year 2024, the Tax Commission
3 shall calculate an amount that equals twelve percent (12%) of the
4 credit for qualified clean-burning motor vehicle fuel property as
5 provided in paragraph 1 of subsection D of this section for tax year
6 2021. For each subsequent fiscal year, the Tax Commission shall
7 perform the same calculation for credits claimed in the second
8 preceding tax year. The Tax Commission shall then transfer an
9 amount equal to the amount calculated in this subsection from the
10 revenue derived pursuant to the provisions of subsections A, B and E
11 of Section 2355 of this title to the Compressed Natural Gas
12 Conversion Safety and Regulation Fund created in Section 130.25 of
13 Title 74 of the Oklahoma Statutes.

14 J. For the tax years 2020 through 2022, the total amount of
15 credits authorized by this section used to offset tax shall be
16 adjusted annually to limit the annual amount of credits to Twenty
17 Million Dollars (\$20,000,000.00). The Tax Commission shall annually
18 calculate and publish by the first day of the affected taxable year
19 a percentage by which the credits authorized by this section shall
20 be reduced so the total amount of credits used to offset tax does
21 not exceed Twenty Million Dollars (\$20,000,000.00) per year. The
22 formula to be used for the percentage adjustment shall be Twenty
23 Million Dollars (\$20,000,000.00) divided by the credits claimed in
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1 the second preceding year, with respect to any changes to the future
2 of the credit.

3 K. Pursuant to subsection J of this section, in the event the
4 total tax credits authorized by this section exceed Twenty Million
5 Dollars (\$20,000,000.00) in any calendar year, the Tax Commission
6 shall permit any excess over Twenty Million Dollars (\$20,000,000.00)
7 but shall factor such excess into the percentage adjustment formula
8 for subsequent years with respect to any changes to the future of
9 the credit.

10 L. For the tax years 2023 through 2028, the total amount of
11 credits authorized by this section used to offset tax shall be
12 adjusted annually to limit the annual amount of credits to:

13 1. Ten Million Dollars (\$10,000,000.00) for qualified clean
14 burning fuel property propelled by compressed natural gas, liquefied
15 natural gas, or liquefied petroleum gas, property related to the
16 delivery of compressed natural gas, liquefied natural gas or
17 liquefied petroleum gas, and property directly related to the
18 compression and delivery of natural gas;

19 2. Ten Million Dollars (\$10,000,000.00) for property originally
20 equipped so that the vehicle may be propelled by a hydrogen fuel
21 cell electric fueling system and property directly related to the
22 delivery of hydrogen; and
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1 3. Ten Million Dollars (\$10,000,000.00) for property which is a
2 metered-for-fee, public access recharging system for motor vehicles
3 propelled in whole or in part by electricity.

4 The Tax Commission shall annually calculate and publish by the
5 first day of the affected taxable year a percentage by which the
6 credits authorized by this section shall be reduced so the total
7 amount of credits used to offset tax does not exceed each of the
8 limits provided in paragraphs 1 through 3 of this subsection. The
9 formula to be used for the percentage adjustment shall be Ten
10 Million Dollars (\$10,000,000.00) divided by the credits claimed in
11 the second preceding year, with respect to any changes to the future
12 of the credit.

13 M. Pursuant to subsection L of this section, in the event the
14 tax credits authorized by this section exceed any of the limits
15 provided in paragraphs 1 through 3 of subsection L of this section
16 in any year, the Tax Commission shall permit any excess over Ten
17 Million Dollars (\$10,000,000.00) but shall factor such excess into
18 the percentage adjustment formula for subsequent years with respect
19 to any changes to the future of the credit.

20 N. The Tax Commission shall notify the Office of the State
21 Secretary of Energy and Environment at any time when the amount of
22 claims for credits allowed pursuant to this section reaches eighty
23 percent (80%) of the total annual limit provided in subsection J of
24 this section. Upon such notification, the Secretary shall provide

1 notice to the Governor, President Pro Tempore of the Senate and
2 Speaker of the House of Representatives.

3 SECTION 2. This act shall become effective July 1, 2025.

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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9 60-1-13254 JM 03/06/25

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