STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

HOUSE BILL NO. 2253 BY: TYLER

AS INTRODUCED

AN ACT RELATING TO ALTERNATIVE FUELS; AMENDING 74 O.S. 1991, SECTION 130.5, WHICH RELATES TO THE OKLAHOMA ALTERNATIVE FUELS CONVERSION ACT; TRANSFERRING CERTAIN POWERS AND DUTIES FROM THE OKLAHOMA TAX COMMISSION TO THE OFFICE OF PUBLIC AFFAIRS; AMENDING 68 O.S. 1991, SECTION 2357.22, WHICH RELATES TO AN INCOME TAX CREDIT FOR CERTAIN INVESTMENTS; MODIFYING CERTAIN DATES; MODIFYING CERTAIN DEFINITION; PROVIDING FOR UNLIMITED ALLOWANCES OF SUCH TAX CREDIT; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY 74 O.S. 1991, Section 130.5, is amended to read as follows:

Section 130.5 A. The Oklahoma Alternative Fuels Conversion Fund shall be reimbursed by a surcharge on alternative fuels sold within the state under the provisions of the Oklahoma Alternative Fuels Conversion Act.

B. A reimbursement account shall be established in the name of each recipient of reimbursement for vehicle conversion and/or fill station installation pursuant to the provisions of Section ~~603~~ 130.3

of this title. The initial amount of each recipient's account shall be the amount of the reimbursement received by that recipient. A recipient's account shall be increased by the amount of any subsequent reimbursement received by that recipient; a recipient's account shall be reduced by the amount of all surcharges on alternative fuels paid by that recipient.

C. A surcharge in an amount equivalent to the per gallon fuel cost savings in utilizing alternative fuels is hereby levied on sales of alternative fuels to recipients of reimbursement for vehicle conversion and/or fill station installation pursuant to the provisions of Section ~~603~~ 130.3 of this title. Initially, the amount of the surcharge shall be based upon monthly fuel savings as determined in the manner prescribed in subsection A of Section ~~603~~ 130.3 of this title. Such amount shall be adjusted periodically, by the ~~Oklahoma Tax Commission~~ Office of Public Affairs, to reflect any change in the amount of fuel savings actually received by the recipient. The surcharge shall not be levied on sales of alternative fuels for any other purposes. The surcharge shall continue on sales to each such recipient for so long as that recipient maintains a reimbursement account. When the reimbursement account for a recipient is reduced to zero, the surcharge levied by this section shall terminate until such time as a reimbursement account may be re-established for that recipient.

D. The surcharge levied by this section shall be collected by the ~~Oklahoma Tax Commission~~ Office of Public Affairs and apportioned monthly to the Oklahoma Alternative Fuels Conversion Fund.

E. The surcharge levied by this section shall be suspended whenever the price of the alternative fuel used by the recipient is equal to or greater than the price of the original fuel displaced by the alternative fuel which may be purchased by such recipient. Provided, such surcharge shall be reinstated whenever the price of the alternative fuel used by the recipient becomes less than the

price of the original fuel displaced by the alternative fuel which may be purchased by such recipient.

F. The ~~Oklahoma Tax Commission~~ Office of Public Affairs shall adopt rules and regulations relating to the payment and collection of the surcharge levied by this section.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 2357.22, is amended to read as follows:

Section 2357.22 A. For taxable years beginning after December 31, 1990, there shall be allowed a ~~one-time~~ credit against the income tax imposed by Section 2355 of this title for investments in qualified clean-burning motor vehicle fuel property.

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

1. Equipment installed to modify a motor vehicle which is propelled by gasoline so that the vehicle may be propelled by compressed natural gas, liquefied natural gas or liquefied petroleum gas;

2. A motor vehicle originally equipped to be propelled only by compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel; or

3. Property which is directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas into the fuel tank of a motor vehicle propelled by such fuel including site preparation, compression equipment and storage tanks for such fuel at the point where such fuel is so delivered but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle.

C. For taxable years beginning after December 31, 1990 and before January 1, ~~1993~~ 1995, the credit provided for in subsection A of this section shall be fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property. For taxable years beginning on or after January 1, ~~1993~~ 1995, the credit provided for in subsection A of this section shall be twenty percent (20%) of the cost of the qualified clean-burning motor vehicle fuel property. The credit provided for in subsection A of this section shall be allowed to any taxpayer as often as such taxpayer qualifies for such credit pursuant to the provisions of this section.

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

E. If the tax credit allowed pursuant to subsection A of this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward as a credit against subsequent income tax liability for a period not to exceed three (3) years.

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

SECTION 3. This act shall become effective July 1, 1992.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

43-2-7056 DDL