ENROLLED SENATE
BILL NO. 87

By: Roberts of the Senate

and

Tyler and Monks of the House

An Act relating to revenue and taxation; amending 68 O.S. 1991, Section 2357.22, as amended by Section 1, Chapter 306, O.S.L. 1992 (68 O.S. Supp. 1992, Section 2357.22), which relates to income tax credit for clean-burning motor vehicle fuel property; modifying definition; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 2357.22, as amended by Section 1, Chapter 306, O.S.L. 1992 (68 O.S. Supp. 1992, Section 2357.22), is amended to read as follows:

Section 2357.22 A. 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 placed in service after December 31, 1990.

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 <u>or diesel fuel</u> so that the vehicle may be propelled by compressed natural gas, liquefied natural gas or liquefied petroleum gas <u>or a combination of at least fifty percent (50%) natural gas</u>;

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 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. 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, except that for qualified clean-burning motor vehicle fuel property placed in service on or after January 1, 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.

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 2. This act shall become effective July 1, 1993.

SECTION 3. 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.

Passed the Senate the 10th day of May, 1993.

President of the Senate

Passed the House of Representatives the 21st day of May, 1993.

Speaker of the House of Representatives