

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

HOUSE BILL NO. 1886

By: Tyler

AS INTRODUCED

An Act relating to alternative fuels; amending 74 O.S. 1991, Section 130.3, which relates to conversion of certain vehicles to alternative fuels; clarifying statutory reference; amending 68 O.S. 1991, Section 723, as last amended by Section 7, Chapter 224, O.S.L. 1993 (68 O.S. Supp. 1993, Section 723), which relates to special fuel use tax; modifying language; amending 68 O.S. 1991, Section 2357.22, as last amended by Section 1, Chapter 271, O.S.L. 1993 (68 O.S. Supp. 1993, Section 2357.22), which relates to investment credits in certain clean-burning motor fuel vehicle property; modifying language; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 1991, Section 130.3, is amended to read as follows:

Section 130.3 A. All school vehicles and all government vehicles may be converted to operate on an alternative fuel. The state, any county or municipal government and any school district within the state may have access to the Oklahoma Alternative Fuels

Conversion Fund and the reasonable expenses of the conversions and/or the installation of a fill station may be reimbursed in the manner pursuant to Section ~~604~~ 130.4 of this title if the state, county, municipality or school district can pay back such conversion and/or fill station installation costs within seven (7) years of the date of conversion and/or fill station installation. Beginning July 1, 1995, all school districts within this state should consider only purchasing school vehicles which have the capability to operate on an alternative fuel.

B. The reasonable expenses of the conversion of the school vehicle fleets and the government vehicle fleets that are converted pursuant to subsection A of this section shall be reimbursed in the manner pursuant to Section ~~604~~ 130.4 of this title.

C. The reasonable expenses of the installation of a fill station that is installed pursuant to subsection A of this section shall be reimbursed in the manner pursuant to Section ~~604~~ 130.4 of this title.

D. Any vehicle converted to have the capability of being fueled by alternative fuels pursuant to the provisions of the Oklahoma Alternative Fuels Conversion Act, Section 130.1 et seq. of this title, shall not be sold or otherwise transferred to another person or entity before the total reimbursement of the cost of such conversion pursuant to the provisions of the Oklahoma Alternative Fuels Conversion Act unless such conversion equipment is removed and installed on another government vehicle or school vehicle owned by such public entity.

E. Any fill station installed pursuant to the provisions of the Oklahoma Alternative Fuels Conversion Act shall not be sold or otherwise transferred to another person or entity before the total reimbursement of the cost of such fill station pursuant to the provisions of the Oklahoma Alternative Fuels Conversion Act.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 723, as last amended by Section 7, Chapter 224, O.S.L. 1993 (68 O.S. Supp. 1993, Section 723), is amended to read as follows:

Section 723. A. In lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is hereby levied a flat fee of Fifty Dollars (\$50.00) on each passenger automobile, and on each pickup truck or van not exceeding one (1) ton in capacity, using liquefied petroleum gas or natural gas as fuel, except that no such fee shall be levied on any vehicle which is the subject of an exemption pursuant to Section 708 of this title. ~~Provided that, should~~ Should the passenger automobile, pickup truck or van have been acquired or should the liquefied petroleum gas or natural gas system be installed on or after July 1, the flat fee shall be Twenty-five Dollars (\$25.00) for the remainder of the calendar year, except as hereinafter provided.

B. Beginning January 1, 1991, in lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title, there is hereby levied a flat fee of One Hundred Dollars (\$100.00) on each passenger automobile, and on each pickup truck or van not exceeding one (1) ton in capacity, using compressed natural gas, liquefied natural gas, methanol or "M-85" which is a mixture of methanol and gasoline containing at least eighty-five percent (85%) methanol as fuel, except that no such fee shall be levied on any vehicle which is the subject of an exemption pursuant to Section 708 of this title. ~~Provided that, should~~ Should the passenger automobile, pickup truck or van have been acquired or should the compressed natural gas, liquefied natural gas, methanol or "M-85" system be installed on or after July 1, the flat fee shall be Fifty Dollars (\$50.00) for the remainder of the calendar year, except as hereinafter provided.

C. Beginning January 1, 1993, in lieu of the special fuel tax imposed by Sections 703, 705, 707.1, 707.2 and 707.3 of this title,

there is hereby levied a flat fee of One Hundred Fifty Dollars (\$150.00) on each vehicle exceeding one (1) ton in capacity, using liquefied petroleum gas, compressed natural gas, liquefied natural gas, methanol or "M-85" as fuel, except that no such fee shall be levied on any vehicle which is the subject of an exemption pursuant to Section 708 of this title. ~~Provided that, should~~ Should the vehicle be acquired or should the compressed natural gas, liquefied natural gas, methanol or "M-85" system be installed on or after July 1, the flat fee shall be Seventy-five Dollars (\$75.00) for the remainder of the calendar year, except as hereinafter provided.

D. Every person operating a vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" as fuel shall make application for and obtain a decal to be issued on a yearly basis by the Oklahoma Tax Commission on forms prescribed and furnished by the Tax Commission.

E. Every person required to make application for and receive a decal under this section shall, at the time of making said application, remit to the Tax Commission the total amount of the fee due.

F. Each decal issued by the Tax Commission pursuant to the provisions of this section, shall expire on December 31 of every year, and in addition thereto said decals shall be displayed in the lower right hand corner of the front windshield of said vehicle. Upon receipt of satisfactory proof by the Tax Commission that it has become necessary to replace the windshield of the vehicle for which the decal was issued, another decal shall be issued by the Tax Commission as a replacement for a fee of One Dollar (\$1.00).

G. When any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" as fuel and displaying a current decal as provided in this section is sold, such decal shall remain with the vehicle sold, unless the equipment installed to enable the vehicle to use liquefied petroleum gas,

liquefied natural gas, compressed natural gas, methanol or "M-85" has been removed from the vehicle before the sale.

H. When the aforementioned equipment has been removed before the sale, the seller of the vehicle shall also remove the decal required of vehicles using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85". The removed decal, a receipt from the Oklahoma Tax Commission showing that the fee required has been paid for the current year, and the payment of a one-dollar fee for duplicate decal shall entitle the seller to make application for and obtain a new decal to be used for the remainder of the year on any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85" in accordance with the provisions of this section.

I. Provisions contained in Sections 701 through 721 of this title shall not apply to any vehicle using liquefied petroleum gas, liquefied natural gas, compressed natural gas, methanol or "M-85".

J. All funds derived from the fee imposed by subsection A of this section shall be deposited annually in the General Revenue Fund of the State Treasury by the Tax Commission. When any person fails to obtain a current decal within thirty (30) days of the date said decal is required as provided in this section, there shall become due and payable a penalty of twenty percent (20%) of the fee in addition to the fee. Said penalty to be deposited in the same manner as the fee pursuant to this subsection.

K. All funds derived from the fee imposed by subsections B and C of this section shall be collected by the Oklahoma Tax Commission and apportioned annually to the State Transportation Fund. When any person fails to obtain a current decal within thirty (30) days of the date such decal is required as provided in this section, there shall become due and payable a penalty of twenty percent (20%) of the fee in addition to the fee. Such penalty shall be deposited in the same manner as the fee pursuant to this subsection.

SECTION 3. AMENDATORY 68 O.S. 1991, Section 2357.22, as last amended by Section 1, Chapter 271, O.S.L. 1993 (68 O.S. Supp. 1993, 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 or diesel fuel so that the vehicle may be propelled by compressed natural gas, liquefied natural gas or liquefied petroleum gas or a combination of at least fifty percent (50%) natural 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 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~~ the 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 4. This act shall become effective September 1, 1994.

44-2-7684

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