

SHORT TITLE: Revenue and taxation; allowing income tax credit for investments in qualified motor vehicle property; effective date.

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

SENATE BILL NO. 679

By: Gustafson of the Senate

and

Bonny of the House

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 1991, Section 2357.22, as last amended by Section 1, Chapter 379, O.S.L. 1994 (68 O.S. Supp. 1995, Section 2357.22), which relates to income tax credit for certain qualified motor vehicle property; modifying investments for which certain income tax credit allowed; defining term; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 2357.22, as last amended by Section 1, Chapter 379, O.S.L. 1994 (68 O.S. Supp. 1995, 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, and for investments in qualified electric motor vehicle property placed in service after December 31, 1995.

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 methanol, "M-85" which is a mixture of methanol and gasoline containing at least eighty-five percent (85%) methanol, 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, or to be propelled only by methanol or "M-85" 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 methanol, "M-85", 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. However, property which is directly related to the delivery of methanol or "M-85" into the fuel tank of a motor vehicle propelled by such fuel as provided in this paragraph shall be used solely for the purpose of delivering methanol or "M-85" and no other purpose in order to claim the tax credit pursuant to this section. If the property is used for any other purpose than the delivery of methanol or "M-85", the tax credit shall immediately be refunded to the Oklahoma Tax Commission. The Oklahoma Corporation Commission shall inspect the property to determine whether the property is being used for the delivery of methanol or "M-85".

C. As used in this section, "qualified electric motor vehicle property" means a motor vehicle originally equipped to be propelled only by electricity but only to the extent of the portion of the basis of such motor vehicle which is attributable to the propulsion of the vehicle by electricity. The term "qualified electric motor vehicle property" shall not apply to vehicles known as "golf carts," "go-carts" and other motor vehicles which are manufactured principally for use off the streets and highways.

D. 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 or qualified electric motor vehicle property, except that for qualified clean-burning motor vehicle fuel property or qualified electric motor vehicle property placed in service on or after January 1, ~~1997~~ 2002, 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 or qualified electric motor vehicle property.

~~D.~~ E. In cases where no credit has been claimed pursuant to subsection ~~C~~ D of this section and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property or qualified electric motor vehicle 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.~~ F. 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.~~ G. 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 November 1, 1996.

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