

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

HOUSE BILL HB1219

By: Case

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 1991, Sections 708, as amended by Section 17, Chapter 284, O.S.L. 1997, and 2357.22, as last amended by Section 1, Chapter 224, O.S.L. 1996 (68 O.S. Supp. 2000, Sections 708 and 2357.22), which relate to special fuel tax exemptions and to tax credit for investment in alternative fuels; adding school district motor vehicles to exemptions; providing procedure for obtaining special fuel; extending qualifying date; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 708, as amended by Section 17, Chapter 284, O.S.L. 1997 (68 O.S. Supp. 2000, Section 708), is amended to read as follows:

Section 708. The tax levied by this act shall not apply to:

1. Special fuel delivered into the supply tanks of or used by motor vehicles owned by the United States of America. Provided this exemption shall not apply to supply tank deliveries in Oklahoma unless the special fuel dealer demands and receives of the purchaser an exemption certificate of the kind and type prescribed and furnished by the Comptroller General of the United States, and such certificates shall be presented to the Tax Commission in lieu of the tax only by the special fuel dealer handling and delivering such special fuel;

2. Special fuel delivered into the supply tanks of farm tractors and stationary engines owned and operated by the purchaser of such special fuel and used exclusively for agricultural purposes

as such purposes and uses are defined and enumerated in paragraph 2 of Section 500.3 of this title;

3. Special fuel imported into Oklahoma in the fuel supply tanks of motor vehicles commonly known and designated as automobiles, as distinguished from truck-type vehicles, which are constructed for, and being used solely for, the transportation of persons for purposes other than for hire or compensation and provided that the aggregate capacity of the fuel supply tank or tanks of any such vehicle shall not exceed thirty (30) gallons;

4. Special fuel imported into Oklahoma in the fuel supply tank or tanks of a motor vehicle when said supply tank or tanks and any additional containers have an aggregate capacity of not more than twenty-five (25) gallons and if such motor vehicle is not being used as a common carrier of persons or property, a contract carrier of persons or property, or as a private commercial carrier of property;

5. Special fuel imported into Oklahoma in the fuel supply tanks of motor vehicles and used on the highways of this state in importing or exporting livestock and farm products in the raw state, including cotton, whether in the seed or ginned, and including cottonseed and baled hay, when such commodities are moved from farm to market, or from market to farm on a vehicle or on vehicles owned and operated by a bona fide farmer not engaged in motor vehicle transportation for hire or compensation;

6. Special fuel used exclusively in road machinery and equipment built for and being used on location in the construction, repair or maintenance of public highways, roads and bridges by road contractors and by counties, cities and towns of this state, provided, however, this exemption shall not apply to automobiles nor to truck-type vehicles such as dump trucks, flatbed trucks and pickup trucks;

7. Special fuel used exclusively in passenger motor buses or coaches, having a seating capacity of ten or more persons, when such

fuel is purchased by and used exclusively in public transit systems operated by any county, city, or town of this state, or by any public trust created under the laws of this state of which a county, city, or town of this state is the sole beneficiary thereof.

Provided this exemption shall be allowed only when supported by a certificate executed by such city or trust on forms prescribed and furnished by the Tax Commission; ~~and~~

8. Special fuel purchased by any county, city or town for use as fuel to propel motor vehicles on the public roads and highways of this state, when said vehicles are being operated for the sole benefit of said county, city or town; provided that if the special fuel is placed directly into the fuel supply tank or tanks of the motor vehicle by the supplier, an exemption certificate must be furnished to the supplier on forms prescribed and furnished by the Tax Commission; and

9. Special fuel purchased by any Oklahoma school district for use as fuel to propel motor vehicles on the public roads and highways of this state, when the vehicles are being operated for the sole benefit of the school district, provided that if the special fuel is placed directly into the fuel supply tank or tanks of the motor vehicle by the supplier, an exemption certificate must be furnished to the supplier on forms prescribed and furnished by the Tax Commission.

SECTION 2. AMENDATORY 68 O.S. 1991, Section 2357.22, as last amended by Section 1, Chapter 224, O.S.L. 1996 (68 O.S. Supp. 2000, Section 2357.22), is amended to read as follows:

Section 2357.22 A. For tax years beginning before January 1, ~~2002~~ 2009, 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 so that the vehicle may be propelled by compressed natural gas, liquefied natural gas or liquefied petroleum gas, or propelled 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 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.

E. In cases where no credit has been claimed pursuant to subsection 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).

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.

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 3. This act shall become effective November 1, 2001.

48-1-6083 MD 6/12/15