

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 SUBCOMMITTEE RECOMMENDATION
4 FOR

5 HOUSE BILL NO. 1374

6 By: Walker

7 SUBCOMMITTEE RECOMMENDATION

8 (Revenue and taxation - income tax credits for
9 certain donations to public school districts -
10 conversion of vehicles to compressed natural gas -
11 installation of certain qualifying renewable energy
12 systems - codification -

13 effective date)

14
15
16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 2357.22A of Title 68, unless
19 there is created a duplication in numbering, reads as follows:

20 A. For all taxable years beginning after December 31, 2009,
21 there shall be allowed a credit against the income tax imposed by
22 Section 2355 of Title 68 of the Oklahoma Statutes for donations made
23 to a public school district in this state to be used exclusively for
24 investments in qualified clean-burning motor vehicle fuel property

1 owned by the public school district that is placed in service after
2 December 31, 2009.

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

5 1. Equipment installed to modify a motor vehicle which is
6 propelled by gasoline or diesel fuel so that the vehicle may be
7 propelled by compressed natural gas;

8 2. A motor vehicle originally equipped so that the vehicle may
9 be propelled by compressed natural gas but only to the extent of the
10 portion of the basis of such motor vehicle which is attributable to
11 the storage of such fuel, the delivery to the engine of such motor
12 vehicle of such fuel, and the exhaust of gases from combustion of
13 such fuel; or

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

21 C. If the tax credit allowed pursuant to subsection A of this
22 section exceeds the amount of income taxes due or if there are no
23 state income taxes due on the income of the taxpayer, the amount of
24 the credit not used as an offset against the income taxes of a

1 taxable year may be carried forward as a credit against subsequent
2 income tax liability for a period not to exceed five (5) years.

3 D. The total of the credits authorized by this section shall
4 not exceed Four Hundred Thousand Dollars (\$400,000.00) annually. In
5 the event the total tax credits claimed pursuant to this section
6 exceed Four Hundred Thousand Dollars (\$400,000.00) in any calendar
7 year, the Oklahoma Tax Commission shall adjust the amount of credit
8 on a pro rata basis. In no event shall the credit be claimed more
9 than once by a taxpayer each taxable year.

10 E. If the public school district does not use the funds donated
11 pursuant to this section within five (5) years of the donation then
12 the public school district shall remit the amount of the donation to
13 the Oklahoma Tax Commission. The Tax Commission shall then
14 apportion the monies returned pursuant to Section 2352 of Title 68
15 of the Oklahoma Statutes.

16 SECTION 2. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 2357.32C of Title 68, unless
18 there is created a duplication in numbering, reads as follows:

19 A. 1. For all taxable years beginning after December 31, 2009,
20 a taxpayer may claim a credit against the tax imposed by Section
21 2355 of Title 68 of the Oklahoma Statutes in an amount equal to a
22 donation to a public school district to be used exclusively for
23 having a qualifying renewable energy system installed on property in
24 this state owned by the public school district.

1 2. Expenditures by public school districts under this
2 subsection may include the total costs of the qualifying renewable
3 energy system and the direct expenses incurred for equipment,
4 construction, and installation of the system, less all seller
5 rebates and remunerations of any type resulting from the
6 installation.

7 B. As used in this section "qualifying renewable energy system"
8 means any of the following:

9 1. Wind energy system with a rated production capacity of five
10 hundred kilowatts (500 kw) or less;

11 2. Photovoltaic energy system with a rated production capacity
12 of five hundred kilowatts (500 kw) or less; or

13 3. Geothermal heating and cooling system.

14 C. If the tax credit allowable to the taxpayer pursuant to
15 subsection A of this section exceeds the taxes due on the income of
16 the taxpayer, the amount of the claim not used as an offset against
17 the income taxes of a taxable year may be carried forward as a
18 credit against subsequent income tax liabilities for up to five (5)
19 years.

20 D. An itemized accounting of the cost and an affidavit
21 attesting to the facts thereof shall be furnished to the public
22 school district by the supplier of the qualifying renewable energy
23 system. The itemized accounting shall include the amounts properly
24

1 attributable to the cost of acquisition, construction, and
2 installation of the qualifying renewable energy system.

3 E. Any wind turbines purchased by public school districts with
4 donations received pursuant to this section shall be rated in
5 accordance with the latest performance rating standards published or
6 endorsed by the American Wind Energy Association (AWEA) and the
7 manufacturer must be a member in good standing of AWEA or the Small
8 Wind Industry Council (SWIC) in order to qualify pursuant to this
9 section.

10 F. Any photovoltaic modules purchased by public school
11 districts with donations received pursuant to this section shall be
12 rated in accordance with the latest United States Department of
13 Energy (US-DOE) or Solar Energy Industries Association (SEIA)
14 endorsed performance rating standard and the manufacturer must be a
15 member in good standing of SEIA in order to qualify pursuant to this
16 section.

17 G. Any geothermal heating and cooling systems purchased by
18 public school districts with donations received pursuant to this
19 section shall be rated in accordance with the latest performance
20 rating standards published or endorsed by the American Refrigeration
21 Institute (ARI) and the manufacturer and installing contractor must
22 be a member in good standing of the International Ground Source Heat
23 Pump Association (IGSHPA) in order to qualify pursuant to this
24 section.

1 H. Any qualifying renewable energy systems purchased by public
2 school districts with donations received pursuant to this section
3 shall carry, as a minimum, a five-year limited warranty covering
4 defects in design and manufacture. For other than owner-installed
5 systems, qualifying renewable energy systems shall also carry, as a
6 minimum, a five-year limited warranty covering defects in
7 installation.

8 I. The total of the credits authorized by this section shall
9 not exceed Four Hundred Thousand Dollars (\$400,000.00) annually. In
10 the event the total tax credits claimed pursuant to this section
11 exceed Four Hundred Thousand Dollars (\$400,000.00) in any calendar
12 year, the Oklahoma Tax Commission shall adjust the amount of credit
13 on a pro rata basis. In no event shall the credit be claimed more
14 than once by a taxpayer each taxable year.

15 J. If the public school district does not use the funds donated
16 pursuant to this section within five (5) years of the donation then
17 the public school district shall remit the amount of the donation to
18 the Oklahoma Tax Commission. The Tax Commission shall then
19 apportion the monies returned pursuant to Section 2352 of Title 68
20 of the Oklahoma Statutes.

21 SECTION 3. This act shall become effective January 1, 2010.

22

23 52-1-6913 CJB 02/17/09

24