

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 52<sup>nd</sup> Legislature

**Bill No.:** SB 1267  
**Version:** Subcommittee Recommendation  
**Author:** Rep. Hickman & Sen. Mazzei  
**Date:** April 7, 2010  
**Impact:** Income tax revenue – Section 1  
FY11: Increase of \$6.06 Million  
FY12: Increase of \$15.6 Million

Income tax revenue – Section 2  
FY12: Negative revenue Impact with the  
Amount depending upon future events

Income tax revenue – Section 3  
FY11: Minimal negative revenue impact

**Bill Summary**

Research Analyst: Dusty Darr and Arnella Karges

The Subcommittee Recommendation for SB1267 eliminates existing tax credits for the purchase of qualified electric motor vehicle property (electric vehicles) upon the effective date of the measure. In addition, the measure provides that existing tax credits available for the purchase of an originally equipped or modified hydrogen fuel cell vehicle will only be eligible for tax year 2010. The measure also contains a provision extending the date to file a claim for sales tax relief to October 15 after the end of the tax year during which the sales tax was paid.

The Subcommittee Recommendation includes a new section of law creating a one-time income tax credit for electric motor vehicle manufactures for electric (\$2,000) and low-speed electric vehicles (\$500) manufactured in Oklahoma after 2010.

The Title is restored on the Subcommittee Recommendation for SB1267.

**Fiscal Summary**

Fiscal Analyst: Diane Thomas

Subcommittee Recommendation for ESB 1267 (effective upon passage and approval) includes:

- Section 1 eliminates the existing credit for the purchase of an electric vehicles and limits the hydrogen fuel cell portion of the credit to tax year 2010;
- Section 2 provides an income tax credit for entities manufacturing certain electric vehicles (after December 31, 2010) in Oklahoma. The new credit allows for a maximum of \$500 per vehicle credit for qualified low-speed vehicles and \$2,000 per vehicle credit for all other electric motor vehicles; and

- Section 3 extends the date to file a claim for sales tax relief (for those not filing an income tax return) from June 30 to October 15.

## **Fiscal Analysis**

### Section 1:

For tax year 2010 an estimated \$10.8 million in income tax credits will be claimed for certain electric vehicles and \$4.8 million in credits will be claimed for hybrid vehicles for a total of \$15.6 million in credits for qualified electric motor vehicle property.

The subcommittee recommendation for ESB 1267 is effective upon passage and approval; however, for purposes of this analysis, it is assumed the measure will be effective June 1, 2010. Electric vehicles purchased after this date will therefore not be eligible to claim the credit on 2010 income tax returns filed in 2011. Assuming equal monthly sales results in approximately \$6.5 million of credits for tax year 2010 ( $5/12 \times \$15.6 \text{ million} = \$6.5 \text{ million}$ ). Subtracting \$6.5 million from the \$15.6 million estimate for credits under the current law results in a potential positive impact of \$9.1 million for tax year 2010 for this measure.

Generally 2/3rds of the 2010 tax returns will be filed by April 15, 2011 and the remaining 1/3rd will be filed by October 15, 2011, the extended due date deadline. Therefore, a positive fiscal impact of \$6.06 is anticipated in FY11 and a full year positive impact of \$15.6 million is expected to occur in FY12.

### Section 2:

Currently, the Tax Commission (OTC) is aware of at least 2 manufacturers of electric vehicles in Oklahoma but does not know the production plans in 2011 for these entities. Since the amount of the credit depends upon the future events an amount of decrease in revenue for this credit is not known. However, a decrease in income tax revenue is anticipated in FY12 for this section of this measure.

### Section 3:

The subcommittee recommendation for ESB 1267 allows all claims for sales tax relief (paid with income tax revenue) may be filed by October 15 of the year following the year in which sales tax was paid.

Currently, taxpayers with an income tax filing requirement can file their claim for the sales tax relief credit with an extension (through October 15th). This measure allows persons not required to file an income tax return to file for the credit through October 15th (current deadline is June 30th).

It is anticipated that allowing all claimants for the sales tax relief credit to have an October 15th deadline will have a minimal negative revenue impact in FY11.

**Long Term Fiscal Considerations**

As stated above.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director