

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	SB 461
Version:	Engrossed
Author:	Representative Terrill & Sen. Nichols
Date:	April 7, 2010
Impact:	Income Tax Collections
	FY10: \$0
	FY11: Decrease of \$33.76 Million

Bill Summary

Research Analyst: Dusty Darr

Engrossed Senate Bill (ESB) 461 provides an income tax credit for the purchase of certain alternative motor vehicles. For tax years beginning on or after January 1, 2010, an income tax credit of One Thousand Five Hundred Dollars (\$1,500.00) per vehicle will be allowed for the purchase of new vehicles that qualify or originally qualified for a federal tax credit as an advanced lean burn technology vehicle, qualified hybrid vehicle, qualified alternative fuel vehicle or qualified fuel cell vehicle as provided in 26 U.S.C., Section 30B.

The authorized credit may only be claimed one time for any alternative motor vehicle. The measure also allows the credit or remaining portions of the credit to be carried forward as a credit against subsequent income tax liability for a period of up to four (4) years.

The title has been stricken from the measure in its current form.

Fiscal Summary

Fiscal Analyst: Diane Thomas

SB 461 enacts an income tax credit for the personal use of alternative fuel vehicles. This is effective for tax year 2010 and subsequent years.

The eligible vehicles for the alternative fuel vehicles credit, are new vehicles that are eligible for the federal tax credit under Internal Revenue Code Section 30B. These vehicles are primarily hybrid vehicles, advanced lean burn technology vehicles, alternative fuel vehicles and fuel cell vehicles.

Fiscal Analysis

Based on data from the Automotive News Data Center, National Renewable Energy Laboratory and the automotive industry, hybrid vehicle sales across the U. S. for 2008 were approximately 2.4% of total vehicle sales. This does not account for other alternative fuel vehicles, so it is assumed an additional 1.05% of vehicles will also be eligible for this credit, making a total of 3.45% of vehicles sold eligible for the credit.

We applied 3.45% to the number of new vehicles title in Oklahoma of 217,473 and estimate that about 7,503 vehicles will be sold in Oklahoma annually. The credit is \$1,500 per new alternative

vehicle, resulting in an annual decrease in income tax collections of \$11.154 million (7,503 x \$1,500.)

Although the bill is effective January 1, 2010, there is a provision that eligible vehicles are those that are placed in service by the owner after December 31, 2007. Therefore, the vehicles placed in service in 2008, 2009 and 2010 can be claimed in tax year 2010 resulting in a decrease in revenue of \$33.762 million. Since the bill becomes effective in tax year 2010 we anticipate no negative revenue effect in FY10 and no change to withholding or estimated tax payments.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director