BILL SUMMARY
2nd Session of the 54th Legislature

Bill No.:	**HB 2415**
Version:	**CS**
Request Number:	**10253**
Author:	**Rep. Cox**
Date:	**3/11/2014**
Impact:	**Tax Commission: Revenue Decrease Estimate: FY-16 - $356,000**

Research Analysis

Not required.

Prepared By: Marcia Goff

Fiscal Analysis

HB 2415 proposes to amend 68 O.S. § 2357.22 by establishing a refundable income tax credit for investments related to liquefied petroleum gas (LPG) motor vehicle fuel property by political subdivisions of the state of Oklahoma. This is effective for calendar year 2015 and subsequent years.

This measure proposes a refundable income tax credit for investments related to liquefied petroleum gas motor vehicle fuel property by political subdivisions. Because political subdivisions do not file income tax returns, the credit is fully refundable. The proposed legislation directs the Tax Commission to design a new form to allow the political subdivisions to claim the credit. Political subdivisions would file with the Tax Commission, on or before the twentieth day of February after the calendar year ends, the new report showing the amount of credits generated during the preceding calendar year. The Tax Commission must either issue the refund or dispute the credits claimed by the political subdivision within sixty (60) days after receipt of the claim made by the political subdivision.

Data is not available to determine how many liquefied petroleum gas vehicles or fueling property political subdivisions currently own[1] or are likely to invest in the future. Generally, the cost of converting a vehicle ranges from $4,000 to $12,000 with an average cost of $6,000[2]. Assuming five counties purchase five LPG vehicles each, the total conversion cost is $150,000[3] for all twenty-five vehicles, with an estimated tax credit of $75,000.[4] The cost for the infrastructure needed to build fueling stations range from $37,500 to $175,000 with an average cost of $75,000[5]. Assuming each of the five counties build a fueling station, the total cost would be $375,000[6] for all five stations, with an estimated tax credit of $281,000.[7] The full impact, a revenue decrease of $356,000, should occur in FY16 when claims for calendar year 2015 are filed in February 2016.

[1] The City of Edmond owns 4 mid-size LPG buses and the State of Oklahoma has 1 LPG truck Interview with Yvonne Anderson, Director of Alternative Fuel Programs, Association of Central Oklahoma Governments (January 17, 2014).
[2] Alternative Fuels Data Center. Propane Vehicle Conversions, **U.S. Department of Energy** (last visited January 28, 2014) http://www.afdc.energy.gov/vehicles/propane_conversions.html; Interview with Yvonne Anderson
[3] Twenty-five vehicles x $6,000 = $150,000.
[4] For the vehicle component, the credit is generally fifty percent (50%) of the cost of the qualified LPG fuel property. For qualified LPG fuel property installed by the manufacturer on motor vehicles where 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).
[5] Alternative Fuels Data Center. Propane Fueling Infrastructure Development, **U.S. Department of Energy** (last visited January 28, 2014) http://www.afdc.energy.gov/fuels/propane_infrastructure.html; Interview with Yvonne Anderson.
[6] Five fueling stations x $75,000 = $375,000.
[7] For the infrastructure component, the credit is seventy-five percent (75%) of the qualified LPG motor vehicle fuel property.

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Other Considerations

None.