

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: May 5, 2016

BILL NUMBER: SB 1581 STATUS AND DATE OF BILL: Introduced 5/4/16

AUTHORS: House Sears & Casey Senate Jolley & Treat

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 1581 proposes to amend 68 O.S. § 2357.22, which relates to the Credit for Conversion of Motor Vehicles to Clean Burning Fuel. This measure proposes to limit the amount of the credit for various periods by implementing a \$6,000,000 annual cap for tax years beginning on or after January 1, 2016 and ending on or before December 31, 2018. Also, for tax years beginning on or after January 1, 2017, the amount of the credit allowed shall be equal to 75% of the amount otherwise allowed.

EFFECTIVE DATE: November 1, 2016

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 17: Projected \$5,773,000 increase in income tax collections.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

May 5, 2016
DATE

Rick Miller
DIVISION DIRECTOR

mck

DATE

REECE WOMACK, ECONOMIST

5/5/16
DATE

Jmy Mack
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – SB 1581 [Introduced] Prepared May 5, 2016

SB 1581 proposes to amend 68 O.S. § 2357.22, which relates to the Credit for Conversion of Motor Vehicles to Clean Burning Fuel. This measure proposes to limit the amount of the credit for various periods by implementing a \$6,000,000 annual cap for tax years beginning on or after January 1, 2016 and ending on or before December 31, 2018. Also, for tax years beginning on or after January 1, 2017, the amount of the credit allowed shall be equal to 75% of the amount otherwise allowed.

Under current law a one-time income tax credit is allowed for investments in qualified clean-burning motor vehicle fuel property. Depending on the type of property, the credit is either forty five percent (45%) or seventy-five percent (75%) of the cost of the qualified clean-burning motor vehicle fuel property. In cases where no credit is previously claimed and a motor vehicle is purchased with “factory installed” clean-burning fuel equipment, and the taxpayer elects not to determine the exact investment cost, the credit is limited to ten percent (10%) of the motor vehicle purchase price up to One Thousand Five Hundred Dollars (\$1,500.00). Property directly related to the delivery of natural gas from a private home qualifies for a credit of the lesser of fifty percent (50%) of the cost of the property or Two Thousand Five Hundred Dollars (\$2,500.00). Any credit allowed but not used may be carried over for a period of five (5) years.

The impact is an estimated \$5,773,000 increase in income tax collections in FY17.