

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: May 16, 2016

SUBJECT: SB 1612 – Introduced

TO: Rick Miller, Director

FROM: Joe Gappa, Deputy Director

SB 1612 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, 2017 and ending on or before December 31, 2019. 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.

There is not an estimated increase in income tax collections in FY 17 and an estimated \$5,773,000 increase to income tax collections in FY 18.