

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 3297

By: Osborn

AS INTRODUCED

An Act relating to compressed natural gas; amending 68 O.S. 2011, Section 2357.22, as last amended by Section 1, Chapter 252, O.S.L. 2013 (68 O.S. Supp. 2013, Section 2357.22), which relates to credit for investments in qualified clean-burning motor fuel vehicle property; modifying credit for qualified clean-burning motor vehicle fuel property; directing the Oklahoma Tax Commission to transfer certain amount of revenue based on the credit to the Compressed Natural Gas Conversion Safety and Regulation Fund; creating the Compressed Natural Gas Conversion Safety and Regulation Fund; stating source of funding; specifying purpose of expenditures from the fund; requiring expenditures to be made on warrants; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.22, as last amended by Section 1, Chapter 252, O.S.L. 2013 (68 O.S. Supp. 2013, Section 2357.22), is amended to read as follows:

Section 2357.22 A. For tax years beginning before January 1, 2020, there shall be allowed a one-time credit against the income tax imposed by Section 2355 of this title for investments in

1 qualified clean-burning motor vehicle fuel property placed in
2 service after December 31, 1990.

3 B. As used in this section, "qualified clean-burning motor
4 vehicle fuel property" means:

5 1. Equipment installed to modify a motor vehicle which is
6 propelled by gasoline or diesel fuel so that the vehicle may be
7 propelled by a hydrogen fuel cell, compressed natural gas, liquefied
8 natural gas or liquefied petroleum gas; provided, equipment
9 installed on a vehicle propelled by a hydrogen fuel cell shall only
10 be eligible for tax year 2010. The equipment covered by this
11 paragraph must:

- 12 a. be new, not previously used to modify or retrofit any
13 vehicle propelled by gasoline or diesel fuel and be
14 installed by an alternative fuels equipment technician
15 who is certified in accordance with the Alternative
16 Fuels Technician Certification Act,
- 17 b. meet all Federal Motor Vehicle Safety Standards set
18 forth in 49 CFR 571, or
- 19 c. for any commercial motor vehicle (CMV), follow the
20 Federal Motor Carrier Safety Regulations or Oklahoma
21 Intrastate Motor Carrier Regulations;

22 2. A motor vehicle originally equipped so that the vehicle may
23 be propelled by a hydrogen fuel cell, compressed natural gas,
24 liquefied natural gas or liquefied petroleum gas but only to the

1 extent of the portion of the basis of such motor vehicle which is
2 attributable to the storage of such fuel, the delivery to the engine
3 of such motor vehicle of such fuel, and the exhaust of gases from
4 combustion of such fuel. A motor vehicle originally equipped so
5 that the vehicle may be propelled by a hydrogen fuel cell shall only
6 be eligible for tax year 2010;

7 3. Property, not including a building and its structural
8 components, which is:

- 9 a. directly related to the delivery of compressed natural
10 gas, liquefied natural gas or liquefied petroleum gas,
11 or hydrogen, for commercial purposes or for a fee or
12 charge, into the fuel tank of a motor vehicle
13 propelled by such fuel including compression equipment
14 and storage tanks for such fuel at the point where
15 such fuel is so delivered but only if such property is
16 not used to deliver such fuel into any other type of
17 storage tank or receptacle and such fuel is not used
18 for any purpose other than to propel a motor vehicle,
19 or
- 20 b. a metered-for-fee, public access recharging system for
21 motor vehicles propelled in whole or in part by
22 electricity. The property covered by this paragraph
23 must be new, and must not have been previously
24 installed or used to refuel vehicles powered by

1 compressed natural gas, liquefied natural gas or
2 liquefied petroleum gas, hydrogen or electricity.

3 Any property covered by this paragraph which is related to the
4 delivery of hydrogen into the fuel tank of a motor vehicle shall
5 only be eligible for tax year 2010; or

6 4. Property which is directly related to the compression and
7 delivery of natural gas from a private home or residence, for
8 noncommercial purposes, into the fuel tank of a motor vehicle
9 propelled by compressed natural gas. The property covered by this
10 paragraph must be new and must not have been previously installed or
11 used to refuel vehicles powered by natural gas.

12 C. As used in this section, "motor vehicle" means a motor
13 vehicle originally designed by the manufacturer to operate lawfully
14 and principally on streets and highways.

15 D. The credit provided for in subsection A of this section
16 shall be as follows:

17 1. For the qualified clean-burning motor vehicle fuel property
18 defined in paragraph 1 or 2 of subsection B of this section, ~~fifty~~
19 ~~percent (50%)~~ forty-five percent (45%) of the cost of the qualified
20 clean-burning motor vehicle fuel property;

21 2. For qualified clean-burning motor vehicle fuel property
22 defined in paragraph 3 of subsection B of this section, a per-
23 location credit of seventy-five percent (75%) of the cost of the
24 qualified clean-burning motor vehicle fuel property; and

1 3. For qualified clean-burning motor vehicle fuel property
2 defined in paragraph 4 of subsection B of this section, a per-
3 location credit of the lesser of fifty percent (50%) of the cost of
4 the qualified clean-burning motor vehicle fuel property or Two
5 Thousand Five Hundred Dollars (\$2,500.00).

6 E. In cases where no credit has been claimed pursuant to
7 paragraph 1 of subsection D of this section by any prior owner and
8 in which a motor vehicle is purchased by a taxpayer with qualified
9 clean-burning motor vehicle fuel property installed by the
10 manufacturer of such motor vehicle and the taxpayer is unable or
11 elects not to determine the exact basis which is attributable to
12 such property, the taxpayer may claim a credit in an amount not
13 exceeding the lesser of ten percent (10%) of the cost of the motor
14 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

15 F. If the tax credit allowed pursuant to subsection A of this
16 section exceeds the amount of income taxes due or if there are no
17 state income taxes due on the income of the taxpayer, the amount of
18 the credit not used as an offset against the income taxes of a
19 taxable year may be carried forward as a credit against subsequent
20 income tax liability for a period not to exceed five (5) years.

21 G. A husband and wife who file separate returns for a taxable
22 year in which they could have filed a joint return may each claim
23 only one-half (1/2) of the tax credit that would have been allowed
24 for a joint return.

1 H. The Oklahoma Tax Commission is herein empowered to
2 promulgate rules by which the purpose of this section shall be
3 administered, including the power to establish and enforce penalties
4 for violations thereof.

5 I. Notwithstanding the provisions of Section 2352 of this
6 title, for the fiscal year beginning on July 1, 2014, and each
7 fiscal year thereafter, the Oklahoma Tax Commission shall calculate
8 an amount that equals five percent (5%) of the credit for qualified
9 clean-burning motor vehicle fuel property as provided for in
10 paragraph 1 of subsection D of this section. The Commission shall
11 then transfer an amount equal to the amount calculated in this
12 subsection from the revenue derived pursuant to the provisions of
13 subsections A, B and E of Section 2355 of this title to the
14 Compressed Natural Gas Conversion Safety and Regulation Fund created
15 in Section 2 of this act.

16 SECTION 2. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 130.25 of Title 74, unless there
18 is created a duplication in numbering, reads as follows:

19 A. There is hereby created in the State Treasury a revolving
20 fund for the Office of Management and Enterprise Services to be
21 designated as the "Compressed Natural Gas Conversion Safety and
22 Regulation Fund". The fund shall be a continuing fund, not subject
23 to fiscal year limitations, and shall consist of all monies received
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1 by the Office of Management and Enterprise Services pursuant to
2 Section 2357.22 of Title 68 of the Oklahoma Statutes.

3 B. All monies accruing to the credit of the revolving fund
4 shall be expended by the Office of Management and Enterprise
5 Services to inspect, regulate and enforce safety regulations of the
6 conversion of motor vehicles for operation on compressed natural
7 gas.

8 C. Expenditures from the revolving fund shall be made upon
9 warrants issued by the State Treasurer against claims filed as
10 prescribed by law with the Director of the Office of Management and
11 Enterprise Services for approval and payment.

12 SECTION 3. This act shall become effective November 1, 2014.

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