

SENATE CHAMBER
STATE OF OKLAHOMA

DISPOSITION

☐ FLOOR AMENDMENT

No. _____

☐ COMMITTEE AMENDMENT

(Date)

Mr./Madame President:

I move to amend House Bill No. 1532, by substituting the attached floor substitute for the title, enacting clause and entire body of the measure.

Submitted by:

Senator Thompson

Thompson-JCR-FS-Req#3656
4/25/2018 10:11 AM

(Floor Amendments Only) Date and Time Filed: _____

☐ Untimely

☐ Amendment Cycle Extended

☐ Secondary Amendment

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

FLOOR SUBSTITUTE
FOR ENGROSSED

HOUSE BILL NO. 1532

By: Montgomery of the House

and

Thompson and Bergstrom of
the Senate

FLOOR SUBSTITUTE

[revenue and taxation - tax credits for certain
clean burning motor vehicle fuel property -
prescribing formula - 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 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
2017, Section 2357.22), is amended to read as follows:

Section 2357.22. A. For tax years beginning before January 1,
~~2020~~ 2024, there shall be allowed a one-time credit against the
income tax imposed by Section 2355 of this title for investments in
qualified clean-burning motor vehicle fuel property placed in
service after December 31, 1990.

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

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

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

18 2. A motor vehicle originally equipped so that the vehicle may
19 be propelled by a hydrogen fuel cell, compressed natural gas,
20 liquefied natural gas or liquefied petroleum gas but only to the
21 extent of the portion of the basis of such motor vehicle which is
22 attributable to the storage of such fuel, the delivery to the engine
23 of such motor vehicle of such fuel, and the exhaust of gases from
24 combustion of such fuel. A motor vehicle originally equipped so

1 that the vehicle may be propelled by a hydrogen fuel cell shall only
2 be eligible for tax year 2010;

3 3. A motor vehicle originally equipped so that the vehicle
4 draws propulsion energy from a battery with at least five (5)
5 kilowatt hours of capacity, and recharged from any external source
6 of electricity, manufactured primarily for use on public streets,
7 roads and highways (not including a vehicle operated exclusively on
8 a rail or rails) and which has at least four wheels and which is
9 manufactured to be propelled exclusively by electric power and which
10 does not have an internal combustion engine. For purposes of this
11 paragraph, the term "qualified clean-burning motor vehicle fuel
12 property" does not include a low-speed vehicle within the meaning
13 defined in 49 CFR 571.3, or a vehicle that is manufactured primarily
14 for off-road use, such as primarily for use on a golf course. A
15 motor vehicle originally equipped so that the vehicle draws
16 propulsion energy from a battery shall only be eligible for a tax
17 credit as provided in subsection D of this section with a gross
18 vehicle weight rating of ten thousand (10,000) pounds or less;

19 4. Property, not including a building and its structural
20 components, which is:

- 21 a. directly related to the delivery of compressed natural
22 gas, liquefied natural gas or liquefied petroleum gas,
23 or hydrogen, for commercial purposes or for a fee or
24 charge, into the fuel tank of a motor vehicle

propelled by such fuel including compression equipment and storage tanks for such fuel at the point where such fuel is so delivered but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle, or

b. a ~~metered-for-fee~~, public access recharging system for motor vehicles propelled in whole or in part by electricity. The property covered by this paragraph must be new, and must not have been previously installed or used to refuel vehicles powered by compressed natural gas, liquefied natural gas or liquefied petroleum gas, hydrogen or electricity.

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

~~4.~~ 5. Property which is directly related to the compression and delivery of natural gas from a private home or residence, for noncommercial purposes, into the fuel tank of a motor vehicle propelled by compressed natural gas. The property covered by this paragraph must be new and must not have been previously installed or used to refuel vehicles powered by natural gas.

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

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

6 1. ~~After the effective date of this act, for~~ For the qualified
7 clean-burning motor vehicle fuel property defined in paragraph 1 ~~or,~~
8 2 or 3 of subsection B of this section, ~~forty-five percent (45%) of~~
9 ~~the cost of the qualified clean-burning motor vehicle fuel property~~
10 the amount of the credit shall be as follows:

- 11 a. for vehicles up to or below six thousand (6,000)
12 pounds, the credit shall be a maximum of Five Thousand
13 Five Hundred Dollars (\$5,500.00),
- 14 b. for vehicles between six thousand one (6,001) pounds
15 to ten thousand (10,000) pounds, the credit shall be a
16 maximum amount of Nine Thousand Dollars (\$9,000.00),
- 17 c. for vehicles of ten thousand one (10,001) pounds, but
18 not in excess of twenty-six thousand five hundred
19 (26,500) pounds, the credit shall be a maximum amount
20 of Twenty-six Thousand Dollars (\$26,000.00), and
- 21 d. for vehicles in excess of twenty-six thousand five
22 hundred one (26,501) pounds, the credit shall be a
23 maximum amount of Fifty Thousand Dollars (\$50,000.00);
24

1 2. For qualified clean-burning motor vehicle fuel property
2 defined in paragraph ~~3~~ 4 of subsection B of this section, a per-
3 location credit of ~~seventy-five percent (75%)~~ forty-five percent
4 (45%) of the cost of the qualified clean-burning motor vehicle fuel
5 property defined as follows:

6 a. for equipment installations completed and commercially
7 available by midnight on December 31, 2018, seventy-
8 five percent (75%) of the cost of the qualified clean-
9 burning motor vehicle fuel property, and

10 b. for equipment installations completed and commercially
11 available between January 1, 2019, through December
12 31, 2023, forty-five percent (45%) of the cost of the
13 qualified clean-burning motor vehicle fuel property;
14 and

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

20 E. The tax credit authorized pursuant to the provisions of this
21 section shall not be used to reduce the tax liability of the
22 taxpayer to less than zero (0).

23 F. In cases where no credit has been claimed pursuant to
24 ~~paragraph 1 of~~ subsection D of this section by any prior owner and

1 in which a motor vehicle is purchased by a taxpayer with qualified
2 clean-burning motor vehicle fuel property installed by the
3 manufacturer of such motor vehicle and the taxpayer is unable or
4 elects not to determine the exact basis which is attributable to
5 such property, the taxpayer may claim a credit in an amount not
6 exceeding the lesser of ten percent (10%) of the cost of the motor
7 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

8 ~~F.~~ G. If the tax credit allowed pursuant to ~~subsection A of~~
9 this section exceeds the amount of income taxes due or if there are
10 no state income taxes due on the income of the taxpayer, the amount
11 of the credit not used as an offset against the income taxes of a
12 taxable year may be carried forward as a credit against subsequent
13 income tax liability for a period not to exceed ~~five (5)~~ six (6)
14 years.

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

19 ~~H.~~ I. The Oklahoma Tax Commission is herein empowered to
20 promulgate rules by which the purpose of this section shall be
21 administered, including the power to establish and enforce penalties
22 for violations thereof.

23 ~~I.~~ J. Notwithstanding the provisions of Section 2352 of this
24 title, for the fiscal year beginning on July 1, 2014, and each

1 fiscal year thereafter, the Tax Commission shall calculate an amount
2 that equals five percent (5%) of the cost of qualified clean-burning
3 motor vehicle fuel property as provided for in ~~paragraph~~ paragraphs
4 1 and 2 of subsection ~~D~~ B of this section for tax year 2012. For
5 each subsequent fiscal year thereafter, the Tax Commission shall
6 perform the same computation with respect to the second tax year
7 preceding the beginning of each subsequent fiscal year. The Tax
8 Commission shall then transfer an amount equal to the amount
9 calculated in this subsection from the revenue derived pursuant to
10 the provisions of subsections ~~A, B~~ C and E of Section 2355 of this
11 title to the Compressed Natural Gas Conversion Safety and Regulation
12 Fund created in Section ~~13~~ 130.25 of ~~this act~~ Title 74 of the
13 Oklahoma Statutes.

14 K. For tax years beginning January 1, 2019, the total amount of
15 credits authorized by this section used to offset tax shall be
16 adjusted annually to limit the annual amount of credits to Sixteen
17 Million Dollars (\$16,000,000.00). The Tax Commission shall annually
18 calculate and publish a percentage by which the credits authorized
19 by this section shall be reduced so the total amount of credits used
20 to offset tax does not exceed Sixteen Million Dollars
21 (\$16,000,000.00) per year. The formula to be used for the
22 percentage adjustment shall be Sixteen Million Dollars
23 (\$16,000,000.00) divided by the credits claimed in the second
24 preceding year.

1 L. Pursuant to subsection K of this section, in the event the
2 total tax credits authorized by this section exceed Sixteen Million
3 Dollars (\$16,000,000.00), in any tax year, the Tax Commission shall
4 permit any excess over Sixteen Million Dollars (\$16,000,000.00) but
5 shall factor such excess into the percentage adjustment formula for
6 subsequent years.

7 M. The Tax Commission shall notify the Office of the State
8 Secretary of Energy and Environment at any time when the amount of
9 claims for credits allowed pursuant to this section reaches eighty
10 percent (80%) of the total annual limit provided in subsection K of
11 this section. Upon such notification, the Secretary shall provide
12 notice to the Governor, President Pro Tempore of the Senate and
13 Speaker of the House of Representatives.

14 SECTION 2. This act shall become effective January 1, 2019.

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16 56-2-3656 JCR 4/25/2018 10:11:02 AM
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