

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE BILL 2756

By: Osborn (Leslie)

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2357.22, as last amended by
9 Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
10 2017, Section 2357.22), which relates to tax credits
11 for certain clean-burning motor-fuel-related
12 property; modifying taxable years for which tax
13 credit may be claimed; modifying computation of
14 credit amount based upon categories of property
15 utilized; imposing limit on total amount of tax
16 credits which may be claimed for certain period;
17 prescribing formula for implementation of tax credit
18 limitations; providing an effective date; and
19 declaring an emergency.

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

21 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.22, as
22 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.
23 2017, Section 2357.22), is amended to read as follows:

24 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.

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

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

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

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

1 of such motor vehicle of such fuel, and the exhaust of gases from
2 combustion of such fuel. A motor vehicle originally equipped so
3 that the vehicle may be propelled by a hydrogen fuel cell shall only
4 be eligible for tax year 2010;

5 3. Property, not including a building and its structural
6 components, which is:

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

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

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

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

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

15 1. ~~After the effective date of this act, for~~ For the qualified
16 clean-burning motor vehicle fuel property defined in paragraph 1 or
17 2 of subsection B of this section, ~~forty-five percent (45%)~~ seventy-
18 five percent (75%) of the cost of the qualified clean-burning motor
19 vehicle fuel property;

20 2. For qualified clean-burning motor vehicle fuel property
21 defined in paragraph 3 of subsection B of this section, a per-
22 location credit of ~~seventy-five percent (75%)~~ forty-five percent
23 (45%) of the cost of the qualified clean-burning motor vehicle fuel
24 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 Tax Commission shall calculate an amount
8 that equals five percent (5%) of the cost of qualified clean-burning
9 motor vehicle fuel property as provided for in paragraph 1 of
10 subsection D of this section for tax year 2012. For each subsequent
11 fiscal year thereafter, the Tax Commission shall perform the same
12 computation with respect to the second tax year preceding the
13 beginning of each subsequent fiscal year. The Tax Commission shall
14 then transfer an amount equal to the amount calculated in this
15 subsection from the revenue derived pursuant to the provisions of
16 subsections A, B and E of Section 2355 of this title to the
17 Compressed Natural Gas Conversion Safety and Regulation Fund created
18 in Section ~~13~~ 130.25 of ~~this act~~ Title 74 of the Oklahoma Statutes.

19 J. For the fiscal year beginning July 1, 2018, and each fiscal
20 year thereafter, the total amount of credits authorized by this
21 section used to offset tax shall be adjusted annually to limit the
22 annual amount of credits to Twenty-five Million Dollars
23 (\$25,000,000.00). The Tax Commission shall annually calculate and
24 publish a percentage by which the credits authorized by this section

1 shall be reduced so the total amount of credits used to offset tax
2 does not exceed Twenty-five Million Dollars (\$25,000,000.00) per
3 year. The formula to be used for the percentage adjustment shall be
4 Twenty-five Million Dollars (\$25,000,000.00) divided by the credits
5 used to offset tax in the second preceding year.

6 K. Pursuant to subsection J of this section, in the event the
7 total tax credits authorized by this section exceed Twenty-five
8 Million Dollars (\$25,000,000.00) in any calendar year, the Tax
9 Commission shall permit any excess over Twenty-five Million Dollars
10 (\$25,000,000.00) but shall factor such excess into the percentage
11 adjustment formula for subsequent years.

12 SECTION 2. This act shall become effective July 1, 2018.

13 SECTION 3. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

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