

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB 1532
Version:	SAHB
Request Number:	NA
Author:	Rep. Montgomery
Date:	5/3/2018
Impact:	Tax Commission:
No Change in FY-19 Income tax Collections	

Research Analysis

The senate amendments to HB1532 modifies a tax credit for investments in qualified clean burning motor vehicle fuel property to allow credits to be issued for the purchase of electric vehicles with a gross vehicle weight rating of less than 10,000 pounds. The measure also extends the sunset date of the credit until December 31, 2023 and changes the procedure for calculating credits. For the purchase or conversion of a qualified motor vehicle, the maximum credit amount is based on the weight of the vehicle.

Vehicle Weight (lbs)	Maximum Credit Amount
Under 6,000	\$ 5,500
6,001-10,000	\$ 9,000
10,001-26,500	\$ 26,000
26,501+	\$ 50,000

For the purchase of infrastructure property such as a refueling or charging station, the credit amount is decreased from 75 percent to 45 of the cost effective January 1, 2019.

The measure also increases the amount of years that unused credits can be carried forwarded from five to six years and establishes a \$16 million annual cap on credits claimed effective tax year 2019. The Oklahoma Tax Commission is directed to use a percentage adjustment formula to determine a percentage by which the credits authorized are to be reduced to satisfy the \$16 million annual cap. In the event that the total tax credits authorized exceed the annual cap, excess payment is authorized but the commission must factor the excess into the percentage adjustment formula for subsequent years. The commission must also notify the State Secretary of Energy and Environment any time the amount of credits claimed reaches 80 percent of the annual limit. The secretary is then required to notify the Governor, Speaker and Pro Tempore.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

This measure proposes to:

- Extend the sunset date from tax year 2019 to tax year 2023.
- Extend the carryover period from five (5) to six (6) years.
- Impose a state wide cap of \$16 million effective for tax year 2019. If the amount of claims for credits allowed reaches eighty percent (80%) of the total annual limit, the Tax Commission will notify the Office of the State Secretary of Energy and

Environment.

- Change the credit percentages for the infrastructure component; credits generated after December 31, 2018 will be reduced from 75% to 45%.
- Include electric vehicles in the definition of "qualified clean-burning motor vehicle fuel property".
- Amend the credit amount of the vehicle component; it will no longer be 45% of the cost of the qualified clean-burning motor vehicle property, but will now be based on the weight of the vehicle as outlined below:

Vehicle Weight (lbs)	Maximum Credit Amount
Under 6,001	\$5,500
6,001 to 10,000	\$9,000
10,001 to 26,500	\$26,000
26,501 and above	\$50,000

The expenditure for tax year 2015 for this credit was \$15.2 million. There is no expectation that this amount will increase significantly in tax year 2017 which is the year the \$16 million cap is based. Therefore no short term impact is anticipated as a result of the cap.

For tax year 2019 it is expected that no change in income tax collections will occur.

Prepared By: Mark Tygret

Other Considerations

None.