BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	**HB 2756**
Version:	**CS**
Request Number:	**9951**
Author:	**Rep. Leslie Osborn**
Date:	**3/6/2018**
Impact:	**Estimated to be Revenue Neutral**

Research Analysis

The committee substitute for HB2756 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 and home charging equipment. 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.

Vechicle 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 $32 million annual cap on credits claimed effective tax year 2018. 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 $32 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

The measure includes provisions that add electric vehicles to credit eligible clean-burning motor vehicle fuel property, modifies the amount of credit which can be claimed against income tax liability and establishes a $32,000,000 annual limit of credits claimed for all available clean-burning motor fuel vehicles or property.

Previous Tax Commission analysis indicates recent credit claims to have approached $13.4 million, while the 2015-16 Tax Expenditure Report indicates an FY-16 total of approximately

$18.5 million. Investment in vehicles has been less than infrastructure in recent analysis. The addition of electric vehicles will likely increase claims, but the shift in the structure of the credits is intended to result in effective revenue neutrality.

Prepared By: Mark Tygret

Other Considerations

None.