

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

COMMITTEE SUBSTITUTE  
FOR

SENATE BILL NO. 826

By: Bice

COMMITTEE SUBSTITUTE

An Act relating to income tax credits; establishing credit for investment in qualified 100%-electric and plug-in hybrid electric vehicle related property during certain time period; defining term; specifying amount of credit and manner of computation of credit where applicable; authorizing carry forward of credit under specified circumstances; limiting credit under specified circumstances; establishing limit on total amount of tax credits which may be claimed for certain period; prescribing formula for implementation of tax credit limitations; authorizing Oklahoma Tax Commission to promulgate rules; making use of specified type of credit contingent upon certain action; requiring Oklahoma Tax Commission to provide certain notice under specified circumstances; providing for codification; and providing a conditional effective date.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.22A of Title 68, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided in subsection G of this section, for tax years beginning on January 1, 2020, and ending

1 before January 1, 2024, there shall be allowed a one-time credit  
2 against the income tax imposed by Section 2355 of Title 68 of the  
3 Oklahoma Statutes for investments in qualified 100%-electric and  
4 plug-in hybrid electric vehicle related property placed in service  
5 after December 31, 2019.

6 B. As used in this section, "qualified 100%-electric and plug-  
7 in hybrid electric motor vehicle related property" means:

8 1. A 100%-electric motor vehicle originally equipped so that  
9 the vehicle:

- 10 a. draws propulsion energy solely from a battery with at  
11 least twenty (20) kilowatt hours of capacity, which  
12 can be recharged from any external source of  
13 electricity,
- 14 b. is manufactured primarily for use on public streets,  
15 roads, and highways, but does not include a vehicle  
16 operated exclusively on a rail or rails, and
- 17 c. which has at least four (4) wheels;

18 2. A plug-in hybrid electric motor vehicle which is originally  
19 equipped so that the vehicle:

- 20 a. draws propulsion energy from:
  - 21 (1) an internal combustion engine, and
  - 22 (2) a battery with at least five (5) kilowatt hours  
23 of capacity, which can be recharged from an  
24 external source of electricity,

1           b.    is manufactured primarily for use on public streets,  
2               roads, and highways, but does not include a vehicle  
3               operated exclusively on a rail or rails, and

4           c.    which has at least four (4) wheels; or

5        3.   Property, not including a building, which is directly  
6 related to:

7           a.    the acquisition and installation of a publicly  
8               accessible recharging system for motor vehicles  
9               propelled in whole or in part by electricity. The  
10              property covered by this paragraph must be new and  
11              must not have been installed or used to recharge  
12              vehicles powered by electricity prior to January 1,  
13              2019. Provided, any property utilized pursuant to  
14              this subparagraph to claim the credit provided by this  
15              subsection shall not be allowed for any credit claimed  
16              pursuant to Section 2357.22 of Title 68 of the  
17              Oklahoma Statutes, or

18          b.    the acquisition and installation of equipment at a  
19               private home or residence that is capable of  
20               delivering electricity into the storage unit of a  
21               motor vehicle propelled in whole in part by  
22               electricity. The property covered by this paragraph  
23               must be new, must not have been installed or used to  
24               recharge vehicles powered by electricity prior to

January 1, 2020, and must be used for noncommercial purposes only.

For purposes of this subsection, the term "qualified 100%-electric and plug-in hybrid electric motor vehicle related property" does not include a vehicle that is manufactured primarily for off-road use, such as primarily for use on a golf course, and that has maximum speed of thirty (30) miles per hour or less.

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

1. For the purchase of qualified new 100%-electric and plug-in hybrid electric motor vehicle property defined in paragraphs 1 and 2 of subsection B of this section, the amount of the credit shall be as follows:

a. new 100%-electric vehicles - Three Thousand Dollars (\$3,000.00), and

b. new plug-in hybrid electric vehicle - One Thousand Five Hundred Dollars (\$1,500.00);

2. For qualified publicly accessible recharging systems for motor vehicles propelled in whole or in part by electricity as defined in subparagraph a of paragraph 3 of subsection B of this section, a per-location credit of forty-five percent (45%) of the cost of the qualified 100%-electric and plug-in hybrid electric motor vehicle fuel property; and

1        3. For qualified acquisition and installation of equipment at a  
2 private home or residence that is capable of delivering electricity  
3 into the storage unit of a motor vehicle propelled in whole or in  
4 part by electricity as defined in subparagraph b of paragraph 3 of  
5 subsection B of this section, a per-location credit of the lesser of  
6 fifty percent (50%) of the cost of the qualified 100%-electric and  
7 plug-in hybrid electric motor vehicle property or One Thousand  
8 Dollars (\$1,000.00).

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

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

18        F. Married persons who file separate returns for a taxable year  
19 in which they could have filed a joint return may each claim only  
20 one-half (1/2) of the tax credit that would have been allowed for a  
21 joint return.

22        G. For the tax year beginning January 1, 2020, and each year  
23 thereafter, the total amount of credits authorized by this section  
24 used to offset tax shall be adjusted annually to limit the annual

1 amount of credits to Eight Million Dollars (\$8,000,000.00). The Tax  
2 Commission shall annually calculate and publish by the first day of  
3 the affected tax year a percentage by which the credits authorized  
4 by this section shall be reduced so the total amount of credits used  
5 to offset tax does not exceed Eight Million Dollars (\$8,000,000.00)  
6 per year. The formula to be used for the percentage adjustment  
7 shall be Eight Million Dollars (\$8,000,000.00) divided by the  
8 credits claimed in the second preceding year.

9 H. Pursuant to subsection G of this section, in the event the  
10 total tax credits authorized by this section exceed Eight Million  
11 Dollars (\$8,000,000.00) in any calendar year, the Tax Commission  
12 shall permit any excess over Eight Million Dollars (\$8,000,000.00)  
13 but shall factor such excess into the percentage adjustment formula  
14 for subsequent years.

15 I. The Oklahoma Tax Commission may promulgate rules by which  
16 the purpose of this section shall be administered including the  
17 authority to establish and enforce penalties for violations thereof.

18 J. The Tax Commission shall notify the Office of the State  
19 Secretary of Energy and Environment at any time when the amount of  
20 claims for credits allowed pursuant to this subsection reaches  
21 eighty percent (80%) of the total annual limit provided in  
22 subsection G of this section. Upon such notification, the Secretary  
23 shall provide notice to the Governor, President Pro Tempore of the  
24 Senate and Speaker of the House of Representatives.

1       SECTION 2.   The provisions of this act shall not become  
2 effective as law unless Enrolled House Bill No. 1950 of the 1st  
3 Session of the 57th Oklahoma Legislature becomes effective as law.

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