BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	**HB 2095**
Version:	**INT**
Request Number:	**7082**
Author:	**Rep. O'Donnell**
Date:	**2/19/2019**
Impact:	**Tax Commission:**
	No Impact to Revenue is Anticipated

Research Analysis

HB2095, as introduced, modifies a tax credit for investments in qualified clean-burning motor vehicle fuel property by:

- Extending the sunset date of the credit until December 31, 2026;
- Removing references to equipment or property that uses hydrogen fuel cells as the energy source;
- Removing eligibility for public access recharging systems for electric vehicles to receive the credit;
- Modifying the amount and procedure for calculating credits;
- Establishing a $20 million annual cap for credits claimed beginning July 1, 2019;
- Requiring the Oklahoma Commission to monitor tax credit usage and report usage to the State Secretary of Energy and Environment any time the amount of credits claimed reaches 80 percent of the annual limit; and
- Requiring the Secretary to notifying the Governor, House and Senate when the 80 percent threshold is reached.

For the purchase or conversion of a qualified motor vehicle, the credit amount will be based on the weight of the vehicle (please refer to table below). Currently, the credit is calculated at 45% of the cost of the property.

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 station, the credit amount is decreased from 75 percent to 45 of the cost effective July 1, 2019.

Fiscal Analysis

Analysis provided by the Tax Commission:

HB 2095 proposes to amend 68 O.S. § 2357.22, which relates to the Credit for Conversion of Motor Vehicles to Clean Burning Fuel. This measure proposes to 1) extend the sunset date; 2) change the credit calculation percentages for tax year 2019; 3) remove electric vehicle charging station infrastructure from being eligible for the credit; and 4) impose a state wide cap of $20 million effective for fiscal year 2019 and subsequent years. [1]

This measure proposes to:

- Extend the sunset date from tax year 2019 to tax year 2026.
- Impose a state wide cap of $20 million effective for fiscal 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. If the total amount of credits exceeds $20 million, the Tax Commission shall annually calculate and publish by the first day of the affected fiscal year a percentage by which the credits authorized shall be reduced so the total amount of credits used to offset tax does not exceed $20 million per year. [2]
- Amend the definition of "qualified clean-burning motor vehicle fuel property", so that the cost of electric vehicle charging station infrastructures is no longer eligible for the credit.
- Reduce the infrastructure component (delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, for commercial purposes or for a fee or charge) from 75% to 45%.[3]
- Amend the credit amount of the motor 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 6,000	$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 2016 for this credit was $7.9 million. There is no expectation that this amount will increase significantly. Therefore no impact to revenue is anticipated.

[1] Obsolete language relating to hydrogen fuel cells is also stricken.
[2] The Oklahoma Tax Commission is required to calculate the cap based on the previous two fiscal years. Fiscal year cap analysis is problematic.
[3] This measure does not specify when the decrease to 45% is to occur.

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Other Considerations

None.