

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 600
Version:	CS
Request Number:	8101
Author:	Rep. Hilbert
Date:	4/13/2021
Impact:	Tax Commission

**Unknown Impact to Revenue
From Kilowatt Hour Levy**

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Analysis provided by the Tax Commission:

This measure would amend Enrolled HB 2234 by providing that the \$0.03 per kilowatt hour or its equivalent, shall not be applicable to electric vehicles charged at charging stations with a charging capacity of less than fifty (50) kilowatts and exempt charging stations that do not require payment for use.

The measure further provides that to determine an equivalent measurement to the \$0.03 per kilowatt hour levy, the OTC shall promulgate rules that allow businesses, based on the average cost that such business charged customers at the business's charging stations in the preceding year, to charge the tax on a percentage basis equivalent to the amount of tax that would otherwise have been charged had the \$0.03 per kilowatt hour been applied in the preceding year. The percentage basis equivalent shall be recalculated annually in conjunction with the OTC. Businesses with multiple charging station locations in the state shall be authorized to utilize the same percentage basis equivalent at all such locations.

Also, the measure provides that charging stations with a charging capacity of less than fifty (50) kilowatts and those which do not require payment are exempt from the requirement that charging stations in operation prior to November 1, 2021 are to register with the OTC [HB 2234 § 8]. Clarifies that only charging stations which require payment for their use and begin operations for the first time on or after November 1, 2021, must register with the OTC no later than fifteen (15) days after the date as of which the first business operations at the station site begin or by January 31, 2024, whichever is later.

Public charging stations constructed or beginning operations for the first time on or after November 1, 2021, shall use a metering system that is capable of imposing the cost for the charging service using a unit per kilowatt hour or an equivalent measurement as determined by the OTC, such as time elapsed while charging, and the charging capacity for the charging station, or the process as described in Subsection E of Section 4 of the measure.

Revenue Impact

The measure will have no impact on state revenues for FY 21, FY 22, FY 23, and an unknown impact for FY 24.

Administrative Costs and Concerns

The language proposed is unclear whether the OTC is to determine the percentage basis equivalent as provided in the measure or if the affected businesses are to calculate their individual rates. If the intent is to impose the responsibility on the Tax Commission the business registration and sales tax remittance records of the OTC do not contain the necessary charging station information i.e., charging capacity, meter status, billing method employed, amount charged and gross sales - to initially determine or annually recalculate the equivalent tax contemplated by this proposal. In addition, the OTC should not be put into a position of calculating and or recalculating a tax rate for a tax levy that it administers.

If the responsibility is to rest with the charging establishments, no known tax or fee currently administered by the OTC allows a taxpayer to choose a tax rate or method of determining the taxation of such sales or services. Even though any new charging stations beginning operation after November 1, 2021 are required to be properly metered and capable of charging the tax by the kilowatt hour, language still exists to allow the described charging stations to use the equivalent tax instead of the \$0.03 per kilowatt/hour rate. In addition, the OTC would not be able to verify the accuracy of percentage equivalent rates implemented by the charging station establishments without fully auditing the books and records of each affected business, which could increase OTC administrative costs associated with the required addition of audit personnel.

Prepared By: Mark Tygret

Other Considerations

None.