OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 1, 2021

BILL NUMBER: HB 1137 **STATUS AND DATE OF BILL:** Engrossed 3/11/21

AUTHORS: House Fetgatter & Hilbert Senate Rogers

TAX TYPE (S): Income Tax **SUBJECT:** Credit

PROPOSAL: New Law

Engrossed HB 1137 allows a per-location credit of 75% of the cost of electric vehicle charging stations. The total amount of credits allowed is limited to $5 million.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: Unknown decrease in revenue.
FY 23: Unknown decrease in revenue.

April 1, 2021 — Rick Miller — mck
DATE — DIVISION DIRECTOR

4/1/2021 — Huan Gong
DATE — HUAN GONG, ECONOMIST

4/2/21
DATE — FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO FISCAL IMPACT - HB 1137 [Engrossed] Prepared 4/1/21

Engrossed HB 1137 allows a per-location credit[1] of 75% of the cost of electric vehicle charging stations meeting the provisions of subparagraph b of paragraph 3 of Subsection B of Section 2357.22 of Title 68 of the Oklahoma Statutes. The total amount of credits allowed is limited to $5 million.[2] The tax credit is available from November 1, 2021 until January 1, 2023, but is contingent upon Enrolled House Bill 2234[3] being signed into law.

Current Law:
Under current law a one-time income tax credit[4] is allowed for investments in qualified clean-burning motor vehicle fuel property through tax year 2027. A per location credit of 45%[5] of the cost of the qualified clean-burning motor vehicle fuel property is allowed for property, not including a building and its structural components, which is:

- (a) directly related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas for commercial purposes or for a fee or charge, into the fuel tank of a motor vehicle propelled by such fuel including compression equipment and storage tanks for such fuel at the point where such fuel is so delivered but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle, or
- (b) a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity. The property must be new, and must not have been previously installed or used to refuel vehicles powered by compressed natural gas, liquefied natural gas or liquefied petroleum gas or electricity.

Any credit allowed but not used may be carried over for a period of 5 years. Beginning with tax year 2020, a state wide annual cap of $20 million was imposed.[6]

Proposed Law:
This measure proposes an infrastructure credit of 75%, in addition to the current credit of 45%; effective November 1, 2021, investments in electric vehicle charging stations will be eligible for a 120% tax credit.

Revenue Impact:
This measure does not prescribe how the Oklahoma Tax Commission is to manage the $5 million cap. The administration of the cap is problematic. An unknown decrease in revenue is expected for tax years 2021 and 2022.

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[1] The measure does not specify to which tax type the credit will be applied. Since this measure references qualifications under 68 O.S. § 2357.22; it is assumed that the credit is to be applied against income tax.
[2] $6.7 million of infrastructure would generate $5 million in tax credits.
[3] HB 2234 creates the Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Act of 2021.
[4] The credit in Section 2357.22 is also available for investments in other types of qualified clean-burning motor vehicle fuel property.
[5] HB 2095 (2019) reduced the amount of the infrastructure component credit from 75% to 45% beginning with tax year 2020.
[6] If the total amount of credits exceeds $20 million, the Tax Commission shall annually calculate and publish by the first day of the affected taxable 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. Also, if the amount of claims for credits allowed reaches 80% of the total annual limit, the Tax Commission is required to notify the Office of the State Secretary of Energy and Environment