

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 HOUSE BILL 1137

By: Fetgatter

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2357.22, as last amended by
9 Section 1, Chapter 298, O.S.L. 2019 (68 O.S. Supp.
10 2020, Section 2357.22), which relates to income tax
credits for certain clean-burning motor vehicles;
modifying amount of credit; modifying cap amount; and
providing an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.22, as
15 last amended by Section 1, Chapter 298, O.S.L. 2019 (68 O.S. Supp.
16 2020, Section 2357.22), is amended to read as follows:

17 Section 2357.22 A. For tax years beginning before December 31,
18 2027, there shall be allowed a one-time credit against the income
19 tax imposed by Section 2355 of this title for investments in
20 qualified clean-burning motor vehicle fuel property placed in
21 service after December 31, 1990.

22 B. As used in this section, "qualified clean-burning motor
23 vehicle fuel property" means:
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1 1. Equipment installed to modify a motor vehicle which is
2 propelled by gasoline or diesel fuel so that the vehicle may be
3 propelled by compressed natural gas, liquefied natural gas or
4 liquefied petroleum gas. The equipment covered by this paragraph
5 must:

- 6 a. be new, not previously used to modify or retrofit any
7 vehicle propelled by gasoline or diesel fuel and be
8 installed by an alternative fuels equipment technician
9 who is certified in accordance with the Alternative
10 Fuels Technician Certification Act,
- 11 b. meet all Federal Motor Vehicle Safety Standards set
12 forth in 49 CFR 571, or
- 13 c. for any commercial motor vehicle (CMV), follow the
14 Federal Motor Carrier Safety Regulations or Oklahoma
15 Intrastate Motor Carrier Regulations;

16 2. A motor vehicle originally equipped so that the vehicle may
17 be propelled by compressed natural gas, or liquefied natural gas or
18 liquefied petroleum gas but only to the extent of the portion of the
19 basis of such motor vehicle which is attributable to the storage of
20 such fuel, the delivery to the engine of such motor vehicle of such
21 fuel, and the exhaust of gases from combustion of such fuel;

22 3. Property, not including a building and its structural
23 components, which is:

- 1 a. directly related to the delivery of compressed natural
2 gas, liquefied natural gas or liquefied petroleum gas
3 for commercial purposes or for a fee or charge, into
4 the fuel tank of a motor vehicle propelled by such
5 fuel including compression equipment and storage tanks
6 for such fuel at the point where such fuel is so
7 delivered but only if such property is not used to
8 deliver such fuel into any other type of storage tank
9 or receptacle and such fuel is not used for any
10 purpose other than to propel a motor vehicle, or
11 b. a metered-for-fee, public access recharging system for
12 motor vehicles propelled in whole or in part by
13 electricity. The property covered by this paragraph
14 must be new, and must not have been previously
15 installed or used to refuel vehicles powered by
16 compressed natural gas, liquefied natural gas or
17 liquefied petroleum gas or electricity.

18 Any property covered by this paragraph which is related to the
19 delivery of hydrogen into the fuel tank of a motor vehicle shall
20 only be eligible for tax year 2010; or

21 4. Property which is directly related to the compression and
22 delivery of natural gas from a private home or residence, for
23 noncommercial purposes, into the fuel tank of a motor vehicle
24 propelled by compressed natural gas. The property covered by this

1 paragraph must be new and must not have been previously installed or
2 used to refuel vehicles powered by natural gas.

3 C. As used in this section, "motor vehicle" means a motor
4 vehicle originally designed by the manufacturer to operate lawfully
5 and principally on streets and highways.

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

8 1. For the qualified clean-burning motor vehicle fuel property
9 defined in paragraph 1 or 2 of subsection B of this section, the
10 amount of the credit shall be as follows based upon gross vehicle
11 weight of the qualified vehicle:

12 a. for vehicles up to or below six thousand (6,000)
13 pounds, the credit shall be a maximum of Five Thousand
14 Five Hundred Dollars (\$5,500.00),

15 b. for vehicles between six thousand one (6,001) pounds
16 to ten thousand (10,000) pounds, the credit shall be a
17 maximum amount of Nine Thousand Dollars (\$9,000.00),

18 c. for vehicles of ten thousand one (10,001) pounds, but
19 not in excess of twenty-six thousand five hundred
20 (26,500) pounds, the credit shall be a maximum amount
21 of Twenty-six Thousand Dollars (\$26,000.00), and

22 d. for vehicles in excess of twenty-six thousand five
23 hundred one (26,501) pounds, the credit shall be a
24 maximum amount of Fifty Thousand Dollars (\$50,000.00);

1 2. For qualified clean-burning motor vehicle fuel property
2 defined in paragraph 3 of subsection B of this section, a per-
3 location credit of ~~forty-five percent (45%)~~ seventy-five percent
4 (75%) of the cost of the qualified clean-burning motor vehicle fuel
5 property; and

6 3. For qualified clean-burning motor vehicle fuel property
7 defined in paragraph 4 of subsection B of this section, a per-
8 location credit of the lesser of fifty percent (50%) of the cost of
9 the qualified clean-burning motor vehicle fuel property or Two
10 Thousand Five Hundred Dollars (\$2,500.00).

11 E. In cases where no credit has been claimed pursuant to
12 paragraph 1 of subsection D of this section by any prior owner and
13 in which a motor vehicle is purchased by a taxpayer with qualified
14 clean-burning motor vehicle fuel property installed by the
15 manufacturer of such motor vehicle and the taxpayer is unable or
16 elects not to determine the exact basis which is attributable to
17 such property, the taxpayer may claim a credit in an amount not
18 exceeding the lesser of ten percent (10%) of the cost of the motor
19 vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

20 F. If the tax credit allowed pursuant to subsection A of this
21 section exceeds the amount of income taxes due or if there are no
22 state income taxes due on the income of the taxpayer, the amount of
23 the credit not used as an offset against the income taxes of a
24 taxable year may be carried forward, in order, as a credit against

1 subsequent income tax liability for a period not to exceed five (5)
2 years. The tax credit authorized pursuant to the provisions of this
3 section shall not be used to reduce the tax liability of the
4 taxpayer to less than zero (0).

5 G. A husband and wife who file separate returns for a taxable
6 year in which they could have filed a joint return may each claim
7 only one-half (1/2) of the tax credit that would have been allowed
8 for a joint return.

9 H. The Oklahoma Tax Commission is herein empowered to
10 promulgate rules by which the purpose of this section shall be
11 administered, including the power to establish and enforce penalties
12 for violations thereof.

13 I. Notwithstanding the provisions of Section 2352 of this
14 title, for the fiscal year beginning on July 1, 2014, and each
15 fiscal year thereafter, the Tax Commission shall calculate an amount
16 that equals five percent (5%) of the cost of qualified clean-burning
17 motor vehicle fuel property as provided for in paragraph 1 of
18 subsection D of this section for tax year 2012. For each subsequent
19 fiscal year thereafter, the Tax Commission shall perform the same
20 computation with respect to the second tax year preceding the
21 beginning of each subsequent fiscal year. The Tax Commission shall
22 then transfer an amount equal to the amount calculated in this
23 subsection from the revenue derived pursuant to the provisions of
24 subsections A, B and E of Section 2355 of this title to the

1 Compressed Natural Gas Conversion Safety and Regulation Fund created
2 in Section 130.25 of Title 74 of the Oklahoma Statutes.

3 J. For the taxable year beginning January 1, ~~2020~~ 2022, and
4 each taxable year thereafter, the total amount of credits authorized
5 by this section used to offset tax shall be adjusted annually to
6 limit the annual amount of credits to ~~Twenty Million Dollars~~
7 ~~(\$20,000,000.00)~~ Fifteen Million Dollars (\$15,000,000.00). The Tax
8 Commission shall annually calculate and publish by the first day of
9 the affected taxable year a percentage by which the credits
10 authorized by this section shall be reduced so the total amount of
11 credits used to offset tax does not exceed ~~Twenty Million Dollars~~
12 ~~(\$20,000,000.00)~~ Fifteen Million Dollars (\$15,000,000.00) per year.
13 The formula to be used for the percentage adjustment shall be ~~Twenty~~
14 ~~Million Dollars (\$20,000,000.00)~~ Fifteen Million Dollars
15 (\$15,000,000.00) divided by the credits claimed in the second
16 preceding year, with respect to any changes to the future of the
17 credit.

18 K. Pursuant to subsection J of this section, in the event the
19 total tax credits authorized by this section exceed ~~Twenty Million~~
20 ~~Dollars (\$20,000,000.00)~~ Fifteen Million Dollars (\$15,000,000.00) in
21 any calendar year, the Tax Commission shall permit any excess over
22 ~~Twenty Million Dollars (\$20,000,000.00)~~ Fifteen Million Dollars
23 (\$15,000,000.00) but shall factor such excess into the percentage
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1 adjustment formula for subsequent years with respect to any changes
2 to the future of the credit.

3 L. The Tax Commission shall notify the Office of the State
4 Secretary of Energy and Environment at any time when the amount of
5 claims for credits allowed pursuant to this section reaches eighty
6 percent (80%) of the total annual limit provided in subsection J of
7 this section. Upon such notification, the Secretary shall provide
8 notice to the Governor, President Pro Tempore of the Senate and
9 Speaker of the House of Representatives.

10 SECTION 2. This act shall become effective November 1, 2021.

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12 58-1-6088 MAH 12/28/20

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