

1 **SENATE FLOOR VERSION**

2 February 23, 2016

3 **AS AMENDED**

4 SENATE BILL NO. 1338

5 By: Shaw of the Senate

6 and

7 Cox of the House

8 **[ income tax credits - qualified clean-burning motor**  
9 **vehicle fuel property - effective date ]**

10  
11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.22, as  
13 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.  
14 2015, Section 2357.22), is amended to read as follows:

15 Section 2357.22. A. ~~For tax years beginning before January 1,~~  
16 ~~2020, there~~ Except as provided in subsection J of this section,  
17 there shall be allowed a one-time credit against the income tax  
18 imposed by Section 2355 of this title for investments in qualified  
19 clean-burning motor vehicle fuel property placed in service after  
20 December 31, 1990.

21 B. As used in this section, "qualified clean-burning motor  
22 vehicle fuel property" means:

23 1. Equipment installed to modify a motor vehicle which is  
24 propelled by gasoline or diesel fuel so that the vehicle may be

1 propelled by a hydrogen fuel cell, compressed natural gas, liquefied  
2 natural gas or liquefied petroleum gas; provided, equipment  
3 installed on a vehicle propelled by a hydrogen fuel cell shall only  
4 be eligible for tax year 2010. The equipment covered by this  
5 paragraph 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 a hydrogen fuel cell, compressed natural gas,  
18 liquefied natural gas or liquefied petroleum gas but only to the  
19 extent of the portion of the basis of such motor vehicle which is  
20 attributable to the storage of such fuel, the delivery to the engine  
21 of such motor vehicle of such fuel, and the exhaust of gases from  
22 combustion of such fuel. A motor vehicle originally equipped so  
23 that the vehicle may be propelled by a hydrogen fuel cell shall only  
24 be eligible for tax year 2010;

1           3. Property, not including a building and its structural  
2 components, which is:

3           a. directly related to the delivery of compressed natural  
4 gas, liquefied natural gas or liquefied petroleum gas,  
5 or hydrogen, for commercial purposes or for a fee or  
6 charge, into the fuel tank of a motor vehicle  
7 propelled by such fuel including compression equipment  
8 and storage tanks for such fuel at the point where  
9 such fuel is so delivered but only if such property is  
10 not used to deliver such fuel into any other type of  
11 storage tank or receptacle and such fuel is not used  
12 for any purpose other than to propel a motor vehicle,  
13 or

14           b. a metered-for-fee, public access recharging system for  
15 motor vehicles propelled in whole or in part by  
16 electricity. The property covered by this paragraph  
17 must be new, and must not have been previously  
18 installed or used to refuel vehicles powered by  
19 compressed natural gas, liquefied natural gas or  
20 liquefied petroleum gas, hydrogen or electricity.

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

1           4. Property which is directly related to the compression and  
2 delivery of natural gas from a private home or residence, for  
3 noncommercial purposes, into the fuel tank of a motor vehicle  
4 propelled by compressed natural gas. The property covered by this  
5 paragraph must be new and must not have been previously installed or  
6 used to refuel vehicles powered by natural gas.

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

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

12           1. After the effective date of this act, for the qualified  
13 clean-burning motor vehicle fuel property defined in paragraph 1 or  
14 2 of subsection B of this section, forty-five percent (45%) of the  
15 cost of the qualified clean-burning motor vehicle fuel property;

16           2. For qualified clean-burning motor vehicle fuel property  
17 defined in paragraph 3 of subsection B of this section, a per-  
18 location credit of seventy-five percent (75%) of the cost of the  
19 qualified clean-burning motor vehicle fuel property; and

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

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

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

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

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

24

1 I. Notwithstanding the provisions of Section 2352 of this  
2 title, for the fiscal year beginning on July 1, 2014, and each  
3 fiscal year thereafter, the Tax Commission shall calculate an amount  
4 that equals five percent (5%) of the cost of qualified clean-burning  
5 motor vehicle fuel property as provided for in paragraph 1 of  
6 subsection D of this section for tax year 2012. For each subsequent  
7 fiscal year thereafter, the Tax Commission shall perform the same  
8 computation with respect to the second tax year preceding the  
9 beginning of each subsequent fiscal year. The Tax Commission shall  
10 then transfer an amount equal to the amount calculated in this  
11 subsection from the revenue derived pursuant to the provisions of  
12 subsections A, B and E of Section 2355 of this title to the  
13 Compressed Natural Gas Conversion Safety and Regulation Fund created  
14 in Section 13 of this act.

15 J. No credit shall be allowed pursuant to subsection A of this  
16 section for activities occurring on or after January 1, 2018, unless  
17 this section is reauthorized by the Oklahoma Legislature after  
18 evaluation by the Incentive Evaluation Commission pursuant to  
19 Section 7004 of Title 62 of the Oklahoma Statutes.

20 SECTION 2. This act shall become effective November 1, 2016.

21 COMMITTEE REPORT BY: COMMITTEE ON FINANCE  
22 February 23, 2016 - DO PASS AS AMENDED  
23  
24