

1 ENGROSSED SENATE  
2 BILL NO. 1612

By: Jolley, Treat and Mazzei of  
the Senate

3 and

4 Sears and Casey of the  
5 House

6  
7 An Act relating to income tax credit; amending 68  
8 O.S. 2011, Section 2357.22, as last amended by  
9 Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.  
10 2015, Section 2357.22), which relates to income tax  
11 credits for investment in clean-burning motor vehicle  
12 fuel property; providing certain exceptions; updating  
13 reference; limiting total amount of certain credit  
14 which may be claimed during specified time period;  
15 providing for annual adjustment of total amount of  
16 credits subject to certain limit based on specified  
17 calculation and prescribing applicable methodology;  
18 providing exception to certain limit under specified  
19 circumstances; reducing amount of credit allowed for  
20 certain time period; and providing an effective date.

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

22 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2357.22, as  
23 last amended by Section 12, Chapter 328, O.S.L. 2014 (68 O.S. Supp.  
24 2015, Section 2357.22), is amended to read as follows:

Section 2357.22. A. For tax years beginning before January 1,  
2020, there shall be allowed a one-time credit against the income  
tax imposed by Section 2355 of this title for investments in  
qualified clean-burning motor vehicle fuel property placed in  
service after December 31, 1990.

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

3 1. Equipment installed to modify a motor vehicle which is  
4 propelled by gasoline or diesel fuel so that the vehicle may be  
5 propelled by a hydrogen fuel cell, compressed natural gas, liquefied  
6 natural gas or liquefied petroleum gas; provided, equipment  
7 installed on a vehicle propelled by a hydrogen fuel cell shall only  
8 be eligible for tax year 2010. The equipment covered by this  
9 paragraph must:

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

20 2. A motor vehicle originally equipped so that the vehicle may  
21 be propelled by a hydrogen fuel cell, compressed natural gas,  
22 liquefied natural gas or liquefied petroleum gas but only to the  
23 extent of the portion of the basis of such motor vehicle which is  
24 attributable to the storage of such fuel, the delivery to the engine

1 of such motor vehicle of such fuel, and the exhaust of gases from  
2 combustion of such fuel. A motor vehicle originally equipped so  
3 that the vehicle may be propelled by a hydrogen fuel cell shall only  
4 be eligible for tax year 2010;

5 3. Property, not including a building and its structural  
6 components, which is:

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

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

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

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

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

13 D. ~~The~~ Except as provided in subsection L of this section, the  
14 credit provided for in subsection A of this section shall be as  
15 follows:

16 1. After ~~the effective date of this act~~ August 22, 2014, for  
17 the qualified clean-burning motor vehicle fuel property defined in  
18 paragraph 1 or 2 of subsection B of this section, forty-five percent  
19 (45%) of the cost of the qualified clean-burning motor vehicle fuel  
20 property;

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

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

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

16           F. If the tax credit allowed pursuant to subsection A of this  
17 section exceeds the amount of income taxes due or if there are no  
18 state income taxes due on the income of the taxpayer, the amount of  
19 the credit not used as an offset against the income taxes of a  
20 taxable year may be carried forward as a credit against subsequent  
21 income tax liability for a period not to exceed five (5) years.  
22 Provided, for tax years beginning on or after January 1, 2017, and  
23 ending on or before December 31, 2019, the amount of the credits  
24 available as an offset in a taxable year shall be limited to the

1 percentage calculated by the Tax Commission pursuant to the  
2 provisions of subsection J of this section.

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

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

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

1 in Section ~~13~~ of this act 130.25 of Title 74 of the Oklahoma  
2 Statutes.

3 J. For tax years beginning on or after January 1, 2017, and  
4 ending on or before December 31, 2019, the total amount of credits  
5 authorized by this section used to offset tax shall be adjusted  
6 annually to limit the annual amount of credits to Six Million  
7 Dollars (\$6,000,000.00). The Tax Commission shall annually  
8 calculate and publish a percentage by which the credits authorized  
9 by this section shall be reduced so the total amount of credits used  
10 to offset tax does not exceed Six Million Dollars (\$6,000,000.00)  
11 per year. The formula to be used for the percentage adjustment  
12 shall be Six Million Dollars (\$6,000,000.00) divided by the credits  
13 used to offset tax in the second preceding year.

14 K. Pursuant to subsection J of this section, in the event the  
15 total tax credits authorized by this section exceed Six Million  
16 Dollars (\$6,000,000.00) in any calendar year, the Tax Commission  
17 shall permit any excess over Six Million Dollars (\$6,000,000.00) but  
18 shall factor such excess into the percentage adjustment formula for  
19 subsequent years.

20 L. For any credits calculated pursuant to subsection D or E of  
21 this section for tax years beginning on or after January 1, 2017,  
22 the amount of the credit allowed shall be equal to seventy-five  
23 percent (75%) of the amount otherwise provided.

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

