

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 17, 2011

BILL NUMBER: SB 516 STATUS AND DATE OF BILL: Introduced 1/19/11

AUTHORS: House n/a Senate Coates

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 516 proposes to amend the Credit for Cleaning-Burning Motor Vehicle Fuel Property by including investments in residential recharging systems, and the costs of constructing and installing metered-for-fee electric recharging systems as eligible for the income tax credit.

EFFECTIVE DATE: July 1, 2011 -Emergency

REVENUE IMPACT:

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

FY 12: Projected revenue decrease of \$603,000. ¹

FY 13: Projected revenue decrease of \$1.8 million.

FY 14: Projected revenue decrease of \$3.0 million.

FY 15: Projected revenue decrease of \$3.6 million.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 12: None

4/20/11
DATE

Dawn Elizabeth Case
DIVISION DIRECTOR

mck

DATE

REECE WOMACK, ECONOMIST

2/21/11
DATE

[Signature]
FOR THE COMMISSION

¹ This impact might be somewhat understated due to the fifty percent (50%) federal tax credit available for residential recharging stations. US Department of Energy - Alternative Fuels and Advanced Vehicles Data Center: *Charging Plug-in Hybrid and All-Electric Vehicles at Home*

ATTACHMENT TO FISCAL IMPACT - SB 516[Introduced] Prepared February 17, 2011

SB 516 proposes to amend the Credit for Cleaning-Burning Motor Vehicle Fuel Property by including investments in residential recharging systems, and the costs of constructing and installing metered-for-fee electric recharging systems as eligible for the income tax credit.

Under current law, the credit is available for investments in metered-for-fee, public access electric recharging system property. This measure appears to add the cost of construction and installation of these systems, as well as investments in residential recharging systems, as eligible for the credit. Only one-third (1/3) of the credit may be claimed in a single tax year.

Commercial Recharging System:

Data suggests that installation costs (not including the cost of the charging station) for commercial recharging stations range from \$860 to \$7,400 each² depending on location, availability of power, conduit size and labor, but the information does not provide data as to the number of systems that may be constructed or installed in Oklahoma. Assuming 200 annual commercial installations at the cost of \$4,130 per station would result in an estimated \$620,000 tax credits generated per year (200 commercial installations X \$4,130 per station cost = \$826,000 X 75% = \$620,000).

Residential Recharging System:

Estimates of the proposed residential recharging system component assume most plug-in electric vehicle owners will opt to invest in Level 2 charging equipment due to the speed of the recharge.³ Assuming 2,000⁴ annual purchases of residential recharging systems, at the cost of \$2,000 for each Level 2 recharging system, would potentially generate \$3 million in credits (2,000 taxpayers X \$2,000 = \$4.0 million invested X 75% = \$3 million).

Revenue Impact:

This proposal is effective July 1, 2011; therefore, the credit generated in 2011 would only be for one-half (1/2) of the tax year. Also, only one-third (1/3) of the credit may be claimed in any tax year. It is expected that a negative revenue impact of \$603,000 will occur in FY12; a negative revenue impact of \$1.8 million would occur in FY13; a negative revenue impact of \$3 million would occur in FY14; and a full year negative revenue impact of \$3.6 million would occur in FY15. This impact might be somewhat understated due to the fifty percent (50%) federal tax credit available for residential recharging stations. Table 1 on the following page shows the tax year and fiscal year revenue impacts.

² Rocky Mountain Institute, *Project Get Ready: Preparing Cities for the Plug-in Electric Vehicle*.

³ US Department of Energy – Alternative Fuels and Advanced Vehicles Data Center: *Charging Plug-in Hybrid and All-Electric Vehicles at Home*.

⁴ Previous estimates of electric and hybrid sales indicated over 3,000 of these vehicles sold in Oklahoma annually. HB3024 Fiscal Impact Statement, March 8, 2010. This number does not reflect the number of low-speed vehicles since it is assumed that those vehicles are primarily charged using a conventional 110 volt circuit.

TABLE 1

Commercial Component					
Tax Year	Tax year impact	FY12	FY13	FY14	FY15
2011	\$309,000	\$103,000	\$103,000	\$103,000	
2012	\$618,000		\$206,000	\$206,000	\$206,000
2013	\$618,000			\$206,000	\$206,000
2014	\$618,000				\$206,000
2015	\$618,000				
Residential Component					
Tax Year	Tax year impact	FY12	FY13	FY14	FY15
2011	\$1,500,000	\$500,000	\$500,000	\$500,000	
2012	\$3,000,000		\$1,000,000	\$1,000,000	\$1,000,000
2013	\$3,000,000			\$1,000,000	\$1,000,000
2014	\$3,000,000				\$1,000,000
2015	\$3,000,000				
	TOTAL	\$603,000	\$1,809,000	\$3,015,000	\$3,618,000