

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 27, 2014

BILL NUMBER: HB 3297 STATUS AND DATE OF BILL: Committee Substitute 3/27/14

AUTHORS: House Osborn Senate Justice

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory and New Law

Section 12 of HB 3297 amends 68 O.S. § 2357.22 by decreasing the credit for investments in qualified clean burning motor vehicle fuel property (the vehicle component) from fifty percent (50%) to forty-five percent (45%) of the cost of the qualified property after July 1, 2014. This measure also requires the Tax Commission to calculate an amount equal to five percent (5%) of the cost of qualified clean-burning motor vehicle fuel property for tax year 2012 and transfer that amount to the Compressed Natural Gas Conversion Safety and Regulation Fund, created in Section 13 of this measure, for FY15 and each fiscal year thereafter. For each subsequent fiscal year thereafter, the Tax Commission shall perform the same computation with respect to the second tax year preceding the beginning of each subsequent fiscal year.

EFFECTIVE DATE: July 1, 2014 - Emergency

REVENUE IMPACT:

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

FY 15: Minimal impact to apportionment of income tax collections

ADMINISTRATIVE IMPACT:

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

FY 15: No additional cost or savings to the Tax Commission due to this proposed legislation.

Mar. 27, 2014
DATE

Rick Miller
DIVISION DIRECTOR

mck

3-27-14
DATE

Reece Womack
REECE WOMACK, ECONOMIST

March 28, 2014
DATE

Dan Carr
FOR THE COMMISSION

HB 3297 proposes to transfer the regulation of compressed natural gas fueling stations from the Corporation Commission to the Department of Labor. Section 12 of this measure amends 68 O.S. § 2357.22 by decreasing the credit for investments in qualified clean burning motor vehicle fuel property (the vehicle component) from fifty percent (50%) to forty-five percent (45%) of the cost of the qualified property after July 1, 2014. This measure also requires the Tax Commission to calculate an amount equal to five percent (5%) of the cost of qualified clean-burning motor vehicle fuel property for tax year 2012 and transfer that amount to the Compressed Natural Gas Conversion Safety and Regulation Fund, created in Section 13 of this measure, for FY15 and each fiscal year thereafter. For each subsequent fiscal year thereafter, the Tax Commission shall perform the same computation with respect to the second tax year preceding the beginning of each subsequent fiscal year.

CURRENT LAW:

Current law (68 O.S. § 2357.22) allows a non-refundable income tax credit for investments in qualified clean burning motor vehicle fuel property. There are generally two types of qualified clean burning motor vehicle fuel property, classified as either vehicle¹ or infrastructure². This measure amends the vehicle component only.

For the vehicle component, the credit is generally fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property, except for qualified clean-burning motor vehicle fuel property installed by the manufacturer of motor vehicles where the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of ten percent (10%) of the cost of the motor vehicle or One Thousand Five Hundred Dollars (\$1,500.00).

REVENUE IMPACT:

The credit reduction from fifty percent (50%) to forty-five percent (45%) of the cost of the qualified clean-burning motor vehicle fuel property is effective July 1, 2014. The estimated impact of this reduction would be an increase in income tax collections of \$300,000. No change to estimated tax or withholding is anticipated, so the full impact would occur in FY15. This measure also requires the Tax Commission to transfer an estimated \$300,000 to the Compressed Natural Gas Conversion Safety and Regulation Fund in FY15.

¹ For the vehicle component, qualified clean burning motor vehicle fuel property is 1) equipment installed to modify a motor vehicle which is propelled by gasoline or diesel fuel so that the vehicle may be propelled by a, compressed natural gas, liquefied natural gas or liquefied petroleum gas; or 2) motor vehicles originally equipped so that the vehicle may be propelled by compressed natural gas, liquefied natural gas or liquefied petroleum gas but only to the extent of the portion of the basis of such motor vehicle which is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel.

² The infrastructure component is property, other than buildings and their 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 b) a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity, c) Property which is directly related to the compression and delivery of natural gas from a private home or residence, for noncommercial purposes, into the fuel tank of a motor vehicle propelled by compressed natural gas.