

**OKLAHOMA TAX COMMISSION**

**REVENUE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** January 26, 2021

**BILL NUMBER:** SB 435      **STATUS AND DATE OF BILL:** Introduced 1/16/2021

**AUTHORS:** House n/a      Senate Hicks

**TAX TYPE (S):** Income Tax      **SUBJECT:** Credit

**PROPOSAL:** New Law

SB 435 proposes to enact a new, one-time income tax credit of \$200 for the purchase of a qualified E-bike, effective for tax year 2022 and subsequent tax years. Any unused credit may be refunded to the taxpayer.

**EFFECTIVE DATE:** November 1, 2021

**REVENUE IMPACT:**

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

FY 22: None.

FY 23: Estimated decrease in income tax collections in excess of \$426,000.

Jan 27, 2021  
DATE

Rick Miller  
DIVISION DIRECTOR

bdf

2/1/2021  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/1/21  
DATE

JDR  
FOR THE COMMISSION

*The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

## ATTACHMENT TO REVENUE IMPACT - SB 435 [Introduced] Prepared 1/26/2021

SB 435 proposes to enact a new, one-time<sup>1</sup> income tax credit of \$200<sup>2</sup> for the purchase of a qualified E-bike, effective for tax year 2022 and subsequent tax years<sup>3</sup>. Any unused credit may be refunded to the taxpayer.

The proposal defines “E-bike” as a two-wheeled or three-wheeled plug-in electric vehicle manufactured primarily for use on streets, roads and highways, capable of achieving a speed greater than fifteen miles per hour. An electric scooter that transports a person solely while standing upright is excluded.

For this analysis, it is assumed that the credit is intended for the purchase of an E-bike by an individual taxpayer who is the first purchaser<sup>4</sup>. To estimate the potential revenue effect of this proposal, information was requested from 21 bicycle specialty shops located in Oklahoma. Data provided for 20 of these shops indicates combined sales of approximately 608 E-bikes during CY 2020. Based on discussion with multiple shop owners and managers, 1,520 additional E-bikes may have been purchased by Oklahoma individuals from out-of-state or online retailers

Assuming similar activity for tax year 2022, the potential revenue effect of this proposal is an estimated decrease in excess of \$426,000 in income tax collections. No changes in withholding or estimated tax payments are anticipated, and the full impact would occur in FY 23 when the 2022 returns are filed.

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<sup>1</sup> It is unclear whether the one-time limit applies to the number of credits that may be claimed by one taxpayer or to the number of credits that may be claimed for one E-bike.

<sup>2</sup> It is assumed that the \$200 credit limit applies to the credit that may be claimed for the purchase of a single E-bike and not to the total annual credit that may be claimed by a single taxpayer.

<sup>3</sup> It is unclear whether an E-bike purchased prior to the effective date of this proposal would qualify for the credit.

<sup>4</sup> It is unclear whether a taxpayer that is a general partnership, limited partnership, limited liability partnership, limited liability company, corporation, or any other lawfully recognized entity, is eligible to receive the credit. The opportunity may exist for multiple credits to be claimed for a single E-bike that is purchased multiple times.