

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 HOUSE BILL 1427

By: Boles

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6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2021, Section 2357.22, as last amended by Section
9 153, Chapter 452, O.S.L. 2024 (68 O.S. Supp. 2024,
10 Section 2357.22), which relates to tax credits for
11 clean burning motor vehicle fuel property; modifying
provisions related to use of credit in conjunction
with credits against insurance premium taxes;
providing an effective date; and declaring an
emergency.

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.22, as
17 last amended by Section 153, Chapter 452, O.S.L. 2024 (68 O.S. Supp.
18 2024, Section 2357.22), is amended to read as follows:

19 Section 2357.22. A. For tax years 2028 and before, there shall
20 be allowed a one-time credit against the income tax imposed by
21 Section 2355 of this title for investments in qualified clean-
22 burning motor vehicle fuel property placed in service on or after
23 January 1, 1991, or with respect to a hydrogen fuel cell, on or
24 after the effective date of this act. For clean-burning motor

1 vehicle fuel property placed in service on or after the effective
2 date of this act, an insurance company claiming a credit against
3 state premium tax or retaliatory tax or any other tax imposed by
4 Section 624 or 628 of Title 36 of the Oklahoma Statutes shall not be
5 required to pay any additional retaliatory tax under Section 628 of
6 Title 36 of the Oklahoma Statutes as a result of claiming the
7 credit. The credit may fully offset any retaliatory tax imposed by
8 Section 628 of Title 36 of the Oklahoma Statutes.

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

11 1. Equipment installed to modify a motor vehicle which is
12 propelled by gasoline or diesel fuel so that the vehicle may be
13 propelled by compressed natural gas, a hydrogen fuel cell, liquefied
14 natural gas, or liquefied petroleum gas. The equipment covered by
15 this paragraph must:

16 a. be new, not previously used to modify or retrofit any
17 vehicle propelled by gasoline or diesel fuel and be
18 installed by an alternative fuels equipment technician
19 who is certified in accordance with the Alternative
20 Fuels Technician Certification Act,

21 b. meet all Federal Motor Vehicle Safety Standards set
22 forth in 49 CFR 571, or
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1 c. for any commercial motor vehicle (CMV), follow the
2 Federal Motor Carrier Safety Regulations or Oklahoma
3 Intrastate Motor Carrier Regulations;

4 2. A motor vehicle originally equipped so that the vehicle may
5 be propelled by compressed natural gas, a hydrogen fuel cell, or
6 liquefied natural gas or liquefied petroleum gas but only to the
7 extent of the portion of the basis of such motor vehicle which is
8 attributable to the storage of such fuel, the delivery to the engine
9 of such motor vehicle of such fuel, and the exhaust of gases from
10 combustion of such fuel;

11 3. Property, not including a building and its structural
12 components, which is:

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

1 b. a metered-for-fee, public access recharging system for
2 motor vehicles propelled in whole or in part by
3 electricity. The property covered by this paragraph
4 must be new, and must not have been previously
5 installed or used to refuel vehicles powered by
6 compressed natural gas, liquefied natural gas or
7 liquefied petroleum gas, hydrogen, or electricity;

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

14 5. For tax years 2010 and 2023 through 2028, a motor vehicle
15 originally equipped so that the vehicle may be propelled by a
16 hydrogen fuel cell electric fueling system.

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

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

22 1. For the qualified clean-burning motor vehicle fuel property
23 defined in paragraphs 1, 2, or 5 of subsection B of this section,
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1 the amount of the credit shall be as follows based upon gross
2 vehicle weight of the qualified vehicle:

- 3 a. for vehicles up to or below six thousand (6,000)
4 pounds, the credit shall be a maximum of Five Thousand
5 Five Hundred Dollars (\$5,500.00),
- 6 b. for vehicles between six thousand one (6,001) pounds
7 to ten thousand (10,000) pounds, the credit shall be a
8 maximum amount of Nine Thousand Dollars (\$9,000.00),
- 9 c. for vehicles of ten thousand one (10,001) pounds, but
10 not in excess of twenty-six thousand five hundred
11 (26,500) pounds, the credit shall be a maximum amount
12 of Twenty-six Thousand Dollars (\$26,000.00), and
- 13 d. for vehicles in excess of twenty-six thousand five
14 hundred one (26,501) pounds, the credit shall be a
15 maximum amount of One Hundred Thousand Dollars
16 (\$100,000.00);

17 2. For qualified clean-burning motor vehicle fuel property
18 defined in paragraph 3 of subsection B of this section, a per-
19 location credit of forty-five percent (45%) of the cost of the
20 qualified clean-burning motor vehicle fuel property; and

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

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

12 F. If the tax credit allowed pursuant to subsection A of this
13 section exceeds the amount of income taxes due or if there are no
14 state income taxes due on the income of the taxpayer, the amount of
15 the credit not used as an offset against the income taxes of a
16 taxable year may be carried forward, in order, as a credit against
17 subsequent income tax liability for a period not to exceed five (5)
18 years. The tax credit authorized pursuant to the provisions of this
19 section shall not be used to reduce the tax liability of the
20 taxpayer to less than zero (0).

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

1 H. The Oklahoma Tax Commission is herein empowered to
2 promulgate rules by which the purpose of this section shall be
3 administered including the power to establish and enforce penalties
4 for violations thereof.

5 I. Notwithstanding the provisions of Section 2352 of this
6 title, for the fiscal year beginning on July 1, 2014, through fiscal
7 year 2023, the Tax Commission shall calculate an amount that equals
8 five percent (5%) of the cost of qualified clean-burning motor
9 vehicle fuel property as provided for in paragraph 1 of subsection D
10 of this section for tax year 2012. For each subsequent fiscal year
11 thereafter, the Tax Commission shall perform the same computation
12 with respect to the second tax year preceding the beginning of each
13 subsequent fiscal year. For fiscal year 2024, the Tax Commission
14 shall calculate an amount that equals twelve percent (12%) of the
15 credit for qualified clean-burning motor vehicle fuel property as
16 provided in paragraph 1 of subsection D of this section for tax year
17 2021. For each subsequent fiscal year, the Tax Commission shall
18 perform the same calculation for credits claimed in the second
19 preceding tax year. The Tax Commission shall then transfer an
20 amount equal to the amount calculated in this subsection from the
21 revenue derived pursuant to the provisions of subsections A, B and E
22 of Section 2355 of this title to the Compressed Natural Gas
23 Conversion Safety and Regulation Fund created in Section 130.25 of
24 Title 74 of the Oklahoma Statutes.

1 J. For the tax years 2020 through 2022, the total amount of
2 credits authorized by this section used to offset tax shall be
3 adjusted annually to limit the annual amount of credits to Twenty
4 Million Dollars (\$20,000,000.00). The Tax Commission shall annually
5 calculate and publish by the first day of the affected taxable year
6 a percentage by which the credits authorized by this section shall
7 be reduced so the total amount of credits used to offset tax does
8 not exceed Twenty Million Dollars (\$20,000,000.00) per year. The
9 formula to be used for the percentage adjustment shall be Twenty
10 Million Dollars (\$20,000,000.00) divided by the credits claimed in
11 the second preceding year, with respect to any changes to the future
12 of the credit.

13 K. Pursuant to subsection J of this section, in the event the
14 total tax credits authorized by this section exceed Twenty Million
15 Dollars (\$20,000,000.00) in any calendar year, the Tax Commission
16 shall permit any excess over Twenty Million Dollars (\$20,000,000.00)
17 but shall factor such excess into the percentage adjustment formula
18 for subsequent years with respect to any changes to the future of
19 the credit.

20 L. For the tax years 2023 through 2028, the total amount of
21 credits authorized by this section used to offset tax shall be
22 adjusted annually to limit the annual amount of credits to:

23 1. Ten Million Dollars (\$10,000,000.00) for qualified clean
24 burning fuel property propelled by compressed natural gas, liquefied

1 natural gas, or liquefied petroleum gas, property related to the
2 delivery of compressed natural gas, liquefied natural gas or
3 liquefied petroleum gas, and property directly related to the
4 compression and delivery of natural gas;

5 2. Ten Million Dollars (\$10,000,000.00) for property originally
6 equipped so that the vehicle may be propelled by a hydrogen fuel
7 cell electric fueling system and property directly related to the
8 delivery of hydrogen; and

9 3. Ten Million Dollars (\$10,000,000.00) for property which is a
10 metered-for-fee, public access recharging system for motor vehicles
11 propelled in whole or in part by electricity.

12 The Tax Commission shall annually calculate and publish by the
13 first day of the affected taxable year a percentage by which the
14 credits authorized by this section shall be reduced so the total
15 amount of credits used to offset tax does not exceed each of the
16 limits provided in paragraphs 1 through 3 of this subsection. The
17 formula to be used for the percentage adjustment shall be Ten
18 Million Dollars (\$10,000,000.00) divided by the credits claimed in
19 the second preceding year, with respect to any changes to the future
20 of the credit.

21 M. Pursuant to subsection L of this section, in the event the
22 tax credits authorized by this section exceed any of the limits
23 provided in paragraphs 1 through 3 of subsection L of this section
24 in any year, the Tax Commission shall permit any excess over Ten

1 Million Dollars (\$10,000,000.00) but shall factor such excess into
2 the percentage adjustment formula for subsequent years with respect
3 to any changes to the future of the credit.

4 N. The Tax Commission shall notify the Office of the State
5 Secretary of Energy and Environment at any time when the amount of
6 claims for credits allowed pursuant to this section reaches eighty
7 percent (80%) of the total annual limit provided in subsection J of
8 this section. Upon such notification, the Secretary shall provide
9 notice to the Governor, President Pro Tempore of the Senate and
10 Speaker of the House of Representatives.

11 SECTION 2. This act shall become effective July 1, 2025.

12 SECTION 3. It being immediately necessary for the preservation
13 of the public peace, health or safety, an emergency is hereby
14 declared to exist, by reason whereof this act shall take effect and
15 be in full force from and after its passage and approval.

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