

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 13, 2023

BILL NUMBER: SB 306 **STATUS AND DATE OF BILL:** Introduced 1/12/23

AUTHORS: House: n/a Senate: Hicks

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

PROPOSAL: New Law

SB 306 proposes to enact a new, one-time income tax credit of \$200 for the purchase of a qualified e-bike, effective for tax years 2024 and subsequent years. Any unused credit may be refunded to the taxpayer.

EFFECTIVE DATE: November 1, 2023

REVENUE IMPACT:

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

FY 24: None.

FY 25: Estimated decrease in income tax collections of \$1.9 million.

Jan. 17, 2023
DATE

Rick Miller
DIVISION DIRECTOR

bf

1/25/2023
DATE

Huan Gong
HUAN GONG, ECONOMIST

1/31/2023
DATE

Joseph P. Garza
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 306 [Introduced] Prepared 1/13/23

SB 306 proposes to enact a new, one-time¹ income tax credit of \$200² for the purchase of a qualified e-bike, effective for tax year 2024 and subsequent tax years.³ 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 15 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.⁴ Online research indicates that the United States imported nearly 790,000 e-bikes in 2021.⁵ It is estimated that approximately 1.18% or 9,296⁶ of these e-bikes were purchased by individual Oklahoma taxpayers.

Assuming similar activity for tax year 2024, the potential revenue effect of this proposal is an estimated decrease of \$1.9 million in income tax collections. No changes in withholding or estimated tax payments are anticipated, and the full impact would occur in FY 25 when the 2024 returns are filed.

¹ 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.

² 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.

³ It is unclear whether an e-bike purchased prior to the effective date of this proposal would qualify for the credit.

⁴ 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.

⁵ See <https://www.bloomberg.com/news/articles/2022-01-21/u-s-e-bike-sales-outpaced-electric-cars-in-2021>.

⁶ Based on U.S. Census Bureau data, an estimated 259.3 million people in the U.S. were 18 years or over during 2022, and an estimated 3.1 million (1.18%) of these people lived in Oklahoma. See <https://www.census.gov/quickfacts/fact/table/US/PST045221> and <https://www.census.gov/quickfacts/OK>.