

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

PHONE (405) 521-3133
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March 28, 2017

Re: LR 17-004; Income Tax - Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property

Dear

This is in response to your inquiry of March 3, 2017 wherein you requested a clarification concerning the Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property (68 O.S. § 2357.22). What follows is verbatim your questions and our response thereto.

QUESTION:

Please provide clarification or ruling to the wording in Rule 710:50-15-81 that reads "other similar self-propelled vehicles". The Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property states the Rule 710:50-15-81 also includes "other similar self-propelled vehicles".

Could you provide a clarification or ruling to what does qualify as "other similar "other similar self-propelled vehicles"? Does a mower with a propone mower conversion qualify under this rule? If not, what does?

OTC RESPONSE:

Generally, an income tax credit is available for investment in qualified clean-burning motor vehicle fuel property. This credit is authorized under 68 O.S. § 2357.22.

Rule 710:50-15-81 was promulgated to provide guidance for the statute allowing the Credit for Investment in a Clean-Burning Motor Vehicle Fuel Property. Rule 710:50-15-81 with respect to the definition of motor vehicle property has not been updated since 2010¹. In 2013 the statute was amended, in part, to define "qualified clean-burning motor vehicle fuel

¹ The Oklahoma Tax Commission is in the process of reviewing Rule 710:50-15-81 for possible updating.

property.” Generally, qualified clean-burning motor vehicle fuel property is equipment installed to **modify a motor vehicle** which is propelled by gasoline or diesel fuel so that the vehicle may be propelled by a hydrogen fuel cell², compressed natural gas, liquefied natural gas or liquefied petroleum gas. The equipment covered by this paragraph must be new, installed by a certified alternative fuels equipment technician, **meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571**, or any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations. Further, under 68 O.S. § 2357.22 (C) "motor vehicle" means a motor vehicle originally designed by the manufacturer to operate lawfully and principally on streets and highways. It is clear that **a mower is not a motor vehicle** and does not qualify for this income tax credit. I have enclosed a copy of the applicable statute for your review.

This response applies only to the circumstances set out in your request of January 10, 2017. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Please be advised that the issuance of this ruling does not preclude the Oklahoma Tax Commission from conducting an audit or examination under 68 Okla. Stat. §206 of any report or return claiming a credit for the transactions outlined in this letter ruling. The Commission reserves the right to issue any assessment, correction, or adjustment authorized under 68 Okla. Stat. §221.

If I can be of further assistance, please feel free to call me at (405) 521-3133.

Sincerely,

OKLAHOMA TAX COMMISSION



Michael C. Kaufmann
Tax Policy Analyst

² Equipment installed on a vehicle propelled by a hydrogen fuel cell was only eligible for tax year 2010.