

Department of Finance and Administration

Legislative Impact Statement

Bill: SB482

Bill Subtitle: TO CREATE AN INCOME TAX CREDIT FOR THE PURCHASE OF AN ELECTRIC VEHICLE OR A HYBRID VEHICLE.

Basic Change :

Sponsor: Sen. Bond

SB482 adds another section to Arkansas Code Title 26, Chapter 51, Subchapter 5 to create an income tax credit for the purchase of an electric vehicle for \$300 or \$150 for the purchase of a hybrid vehicle. The bill is effective for tax years beginning on or after January 1, 2019.

Revenue Impact :

FY2020 - \$900,000 reduction in State General Revenue

[Estimated revenue impact based on sales of approximately 200 electric vehicles a year and 5,000 hybrids per year. This includes both new and used vehicles. There was an 81% increase in electric vehicle sales in the United States in 2018 compared to 2017. Should this trend continue the revenue impact will increase accordingly.]

Taxpayer Impact :

Taxpayers will be allowed a non-refundable income tax credit of \$150 for the purchase of a hybrid vehicle and \$300 for the purchase of an electric vehicle. Taxpayers will need to retain records of vehicle purchased to verify any credit claimed.

Resources Required :

Computer programs, tax forms, and instructions will need to be updated.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Computer programs, tax forms, and instructions as well as training manuals will need to be updated. Department employees will need to be educated as well as the tax community.

Other Comments :

The act is effective for tax years beginning on or after January 1, 2019. There is no restriction of the credit to the purchase of a new vehicle. Therefore, the same vehicle could receive credits several times when purchased by subsequent owners.

Department of Finance and Administration

Legislative Impact Statement

Bill: SB482

Bill Subtitle: TO CREATE AN INCOME TAX CREDIT FOR THE PURCHASE OF AN ELECTRIC VEHICLE OR A HYBRID VEHICLE.

Legal Analysis :

SB482 creates an income tax credit for taxpayers who purchase a hybrid or electric vehicle, effective for tax years beginning on or after January 1, 2019. An "electric vehicle" is defined as a vehicle that is propelled by an electric motor powered by a battery or other electrical device incorporated into the vehicle and is not propelled by an internal combustion engine. A "hybrid vehicle" is defined as a vehicle that draws propulsion energy from both an internal combustion engine and an energy storage device.

The bill provides a \$150 income tax credit for the purchase of a hybrid vehicle and a \$300 income tax credit for the purchase of an electric vehicle during the tax year.

SB482 does not appear to limit a taxpayer's ability to claim multiple credits for the purchase of multiple qualifying vehicles in a certain tax year, except that the amount of the income tax credit claimed may not exceed the amount of income tax due by the taxpayer. There is the potential for an individual to buy and sell multiple motor vehicles in a year and claim the sales tax credit on more than one occasion per single tax year.