

Department of Finance and Administration

Legislative Impact Statement

Bill: SB482

Amendment Number: S1

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

Basic Change :

Sponsor: Sen. Bond

Senate Amendment 1 - Amends the original bill to limit the credit to new purchases and no more than two credits per year.

Original Bill - 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 - \$336,000 reduction in State General Revenue

[Estimated revenue impact based on sales of approximately 120 new electric vehicles a year and 2000 new hybrids per year. 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 new hybrid vehicle and \$300 for the purchase of a new 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 :

None.

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Legal Analysis :

SB482-S1 is an amendment to SB482, which creates an income tax credit for the purchase of a hybrid or electric vehicle. Under the amendment, a taxpayer would only be entitled to claim the credit for the purchase of a new hybrid or electric vehicle, as opposed to a used hybrid or electric vehicle. The amendment also would limit a taxpayer to two credits per tax year.

Original Bill --- 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.