

# **State of Oklahoma**

# **Incentive Evaluation Commission**

## **Clean Burning Fuel Tax Credit Draft Evaluation**

**September 30, 2026**

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# **Key Findings and Recommendations**



## Incentive Overview

Oklahoma offers a one-time, non-refundable tax credit for investments in qualified clean-burning fuel and electric vehicle property; the credit can be carried forward for five years. Eligible purchases include certain vehicles, commercial fueling property and residential fueling property (as described in this report).

## Recommendation: Retain, with minor modifications

### Key Findings

- **Oklahoma is an Electric Vehicle (EV) friendly state based on average electricity cost.** Oklahoma's average retail electricity price ranks 3<sup>rd</sup> lowest in the country at 9.09 cents per kilowatt hour (kWh).
- **On a per-capita basis, Oklahoma ranks 36<sup>th</sup> among all states in EV registrations, with a per-capita EV registration count of 557 per 100,000 residents.** Oklahoma is not among the states with the most electric vehicles. California has the most EV registrations of any state (more than 1.2 million), accounting for 35 percent of all EV registrations nationwide. With just over 22,800 EV registrations, Oklahoma ranks 28th among states.
- **Oklahoma accounts for an above-average share of the U.S.' compressed natural gas (CNG) but a below-average share of EV charging stations.** Oklahoma ranks 1<sup>st</sup> in the nation for CNG stations per capita and 48<sup>th</sup> in the nation for electric vehicle charging stations per-capita. Oklahoma accounts for more than 6 percent of the nation's CNG stations, 5.4 percent of its propane stations and 0.5 percent of its EV charging stations. Given that Oklahoma comprises 1.2 percent of the total population of the U.S., its share of CNG and propane stations is relatively high.

**Table 1: Alternative Fuel and EV Charging Stations**

|                    | Number of Stations | Oklahoma Stations | Oklahoma as % of Total |
|--------------------|--------------------|-------------------|------------------------|
| CNG                | 1,400              | 94                | 6.7%                   |
| Liquid Natural Gas | 67                 | 0                 | 0.0%                   |
| Propane            | 2,985              | 160               | 5.4%                   |
| Electric           | 86,810             | 432               | 0.5%                   |

Source: Alternative Fuels Data Center

- **Tax credit activity has varied considerably in recent years.** Between 2015 and 2023, the number of taxpayers making claims decreased by a compound annual growth rate (CAGR) of 5.1 percent annually, while the cost to the State (in terms of foregone tax revenue) decreased by 5.0 percent annually. On average, there are more than 450 claims per year, resulting in an average of \$9.7 million annually in foregone revenue to the State. The total credit amount claimed has ranged from a low of \$1.3 million in 2021 to a high of \$58.9 million in 2019.

**Table 2: Historic Use of the Credit, 2015-2023**

|      | Number of Claimants | Total Amount Claimed | Amount Used to Reduce Tax Liability | Average Reduction in Tax Liability / Claimant |
|------|---------------------|----------------------|-------------------------------------|-----------------------------------------------|
| 2015 | 701                 | \$39,385,985         | \$15,170,420                        | \$21,641                                      |
| 2016 | 570                 | \$30,256,700         | \$7,914,103                         | \$13,884                                      |



|                | Number of Claimants | Total Amount Claimed | Amount Used to Reduce Tax Liability | Average Reduction in Tax Liability / Claimant |
|----------------|---------------------|----------------------|-------------------------------------|-----------------------------------------------|
| 2017           | 507                 | \$39,798,028         | \$11,091,753                        | \$21,877                                      |
| 2018           | 487                 | \$22,819,966         | \$8,987,682                         | \$18,455                                      |
| 2019           | 508                 | \$58,921,913         | \$14,906,482                        | \$29,343                                      |
| 2020           | 482                 | \$30,595,917         | \$11,822,376                        | \$24,528                                      |
| 2021           | 26                  | \$1,262,951          | \$859,442                           | \$33,055                                      |
| 2022           | 357                 | \$15,959,218         | \$7,177,725                         | \$20,106                                      |
| 2023           | 462                 | \$26,919,025         | \$10,038,244                        | \$21,728                                      |
| <b>Average</b> | <b>456</b>          | <b>\$29,546,634</b>  | <b>\$9,774,247</b>                  | <b>\$22,735</b>                               |
| <b>CAGR</b>    | <b>-5.1%</b>        | <b>-4.6%</b>         | <b>-5.0%</b>                        | <b>0.0%</b>                                   |

- **Infrastructure-related claims have historically accounted for most claims, but that shifted in 2022 and 2023.** From 2019 to 2021, infrastructure investments were between 62 and 72 percent of all funds claimed under the incentive; this reversed in 2022 and 2023, with vehicle investments making up 60 and 67 percent of all funds claimed, respectively.
- **The administrative processes associated with the incentive do not capture sufficient data to fully analyze the incentives' impact on the State.** The State does not collect data at a level of detail sufficient to determine which fuel types or use cases are driving credit usage, since claims are reported only in two broad categories, vehicles and infrastructure.
- **The Clean Burning Fuel Vehicle Tax Credit has limited alignment with the 2025 Oklahoma Strategic Plan for Economic and Community Development.** While the credit touches on the plan's "Relevant Incentives" pillar and supports energy infrastructure broadly, its non-discretionary design, declining usage, and lack of accountability mechanisms limit its ability to generate a demonstrable competitive advantage for the state. Oklahoma's strong per-capita alternative fuel infrastructure and low energy costs appear to be greater drivers of adoption than the credit itself.

#### **Recommendation: Retain with modifications**

- **Clarify statutory eligibility language for commercial fueling property, specifically the phrases "for a fee or charge" and "metered-for-fee, public access recharging system."** To avoid potential confusion, the State should clarify its definitions of "for a fee or charge" and "metered-for-fee, public access recharging system."
- **Require disaggregated data reporting by fuel type and investment category as a condition of program participation.** To better understand which fuel types are driving claims and whether infrastructure investments are for commercial delivery, EV charging, or residential use, the State should require claimants to submit specific information on the intended use of the credit.
- **Require "fuel-type" check box to be used on Form 567-A before credit is awarded.** The Oklahoma Tax Commission (OTC) informed the evaluation team that the check box on Form 567-A which indicates the fuel type is unreliable and not consistently used, limiting the data available to the evaluation team. OTC should require this check box to be used to better understand what fuel types are driving the usage.



# Introduction



## Oklahoma Incentive Evaluation Commission Overview

The Oklahoma Incentive Evaluation Commission (Commission) was created in 2015 via HB 2182. The Commission is directed to produce objective evaluations of the State of Oklahoma's wide array of business incentives. The Commission is comprised of five voting members, with each appointed by the Governor, President Pro Tempore of the Senate, Speaker of the House of Representatives, Oklahoma Economic Development Partnership, and the Oklahoma Accountancy Board. Representatives of the Department of Commerce, the Office of Management and Enterprise Services, and the Oklahoma Tax Commission serve as ex officio (non-voting) members.

Under the enabling legislation, each of the State's business incentives<sup>1</sup> must be evaluated once every four years<sup>2</sup> according to a formal set of general criteria, including (but not limited to) economic output, fiscal impact, return on investment, and effectiveness of administration, as well as criteria specific to each incentive.

Since the Commission's inception, it has contracted with PFM Group Consulting LLC (PFM) to serve as the independent evaluator of each incentive scheduled for review. PFM issues a final report on each incentive with recommendations as to how Oklahoma can most effectively achieve the incentive's goals, including recommendations on whether the incentive should be retained, reconfigured or repealed. The reports also generally include recommendations for any changes to State policy, rules or statutes that would allow the incentive to be more easily or conclusively evaluated in the future.

The Commission is charged with considering the independent evaluator's facts and findings – as well as all public comments – voting to retain, repeal or modify each incentive under review. It then submits a final report to the Governor and Legislature.

In 2026, the Incentive Evaluation statute was revised to include additional requirements for the incentive evaluations. Most notably, these were:

- Analyze whether a business receiving the incentive would likely have taken any action required to receive the incentive in the absence of the incentive;
- Broaden the comparison of results of the incentive to other state of Oklahoma incentives or economic development strategies to also include other states;
- An assessment of whether the incentive furthers a strategic economic goal or an industry within this state;
- An assessment of whether the incentive creates a competitive advantage for Oklahoma by evaluating the overall effectiveness of the incentive at a macroeconomic level.

The SB 1990 statutory changes took effect on August 13, 2026. The PFM project team has, to the extent possible, taken them into consideration during the 2026 evaluation process. They will be more fully addressed during the 2027 incentive evaluation process.

## Summary of 2021 Evaluation Findings and Recommendations

Based on the preceding framework, significant findings and recommendations from the 2021 evaluation of the Ethanol Fuel Retailer Tax Credit program are summarized in Table 3:

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<sup>1</sup> The statute defines a business incentive as “a tax credit, tax exemption, tax deduction, tax expenditure, rebate, grant, or loan that is intended to encourage businesses to locate, expand, invest, or remain in Oklahoma, or to hire or retain employees in Oklahoma.”

<sup>2</sup> The statute provides the Commission the authority to set a threshold and choose to exempt from evaluation incentives that do not meet this threshold for foregone revenue or expenditures. That threshold is currently set at \$1.0 million.



**Table 3: Summary of 2021 Evaluation Findings and Recommendations**

| <b>Evaluation Category</b>       | <b>Significant Finding(s)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall Findings                 | <ul style="list-style-type: none"> <li>- Credit activity has varied in recent years, and infrastructure-related claims have accounted for the majority of claims over the last five years.</li> <li>- Oklahoma ranks 29<sup>th</sup> among states for EV registrations, while some studies indicate Oklahoma is an EV friendly state due to low average electricity costs.</li> <li>- Oklahoma has an above average share of CNG stations and below average share of EV charging stations.</li> <li>- Legislation passed in 2019 made several modifications to the incentive.</li> </ul> |
| Fiscal and Economic Impact       | <ul style="list-style-type: none"> <li>- The annual economic impact of the infrastructure component of the tax credit averages \$34 million</li> <li>- The economic impact of infrastructure related investments that result in claims is two to four times greater than the cost of foregone revenue.</li> </ul>                                                                                                                                                                                                                                                                        |
| Future Fiscal Impact Protections | <ul style="list-style-type: none"> <li>- Adequate fiscal impact protections are not in place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Administrative Effectiveness     | <ul style="list-style-type: none"> <li>- Data collection and reporting issues exist, but improvements are being made.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Retain, Reconfigure or Repeal    | <ul style="list-style-type: none"> <li>- Retain with modifications, clarify statutory language related to eligible investments for commercial fueling activity.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                               |
| Other Recommendations            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

Source: Incentive Evaluation Commission, 2017 Final Report: Clean Burning Fuel Vehicle Tax Credit

Based on PFM's analysis and consideration of other factors, the Commission voted 4-0 to approve PFM's recommendation, but with modifications that included retaining the vehicle credit and the infrastructure of the program.

The following changes were made to the program following the 2021 evaluation period:

**Table 4: Changes Following 2021 Review**

| <b>Category</b>               | <b>Change</b>                                                                                                                                              |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit period                 | Extended to <b>2028</b>                                                                                                                                    |
| Hydrogen eligibility          | Hydrogen added to delivery equipment; eligibility years expanded                                                                                           |
| New eligible vehicles         | Hydrogen fuel-cell vehicles (2023–2028) added                                                                                                              |
| Highest-weight vehicle credit | Raised from \$50k to \$100k for vehicles over 26,501 pounds                                                                                                |
| Annual credit caps            | 2020–2022 cap at \$20.0 million total; new 2023–2028 cap system created with three \$10.0 million pools for infrastructure, vehicles, and charging systems |
| New three-pool cap structure  | \$10.0 million each for CNG/Liquefied Natural Gas/Liquefied Petroleum Gas, Hydrogen, EV charging                                                           |
| Infrastructure eligibility    | Hydrogen infrastructure expanded & reclassified                                                                                                            |
| Administrative provisions     | New excess-credit handling; new subsection ordering                                                                                                        |



## **2026 Criteria and Evaluation Approach**

A key factor in evaluating the effectiveness of incentive programs is to determine whether they are meeting the stated goals as established in state statute or legislation and, as noted previously, the provisions of HB 2182 require that criteria specific to each incentive be used for the evaluation.

In the case of the Clean Burning Fuel Vehicle Tax Credit, the program's intent is to increase the number of clean burning fuel and electric vehicles in Oklahoma. In addition to this goal and the general evaluation factors discussed in the preceding section, the Commission has adopted the following criteria to assist in a determination of program effectiveness:

- Number of qualified credits
- Change in number qualified vehicles versus prior to credit
- Change in clean burning fuel vehicles Oklahoma versus other states

To conduct its 2026 review of the Clean Burning Fuel Vehicle Tax Credit (based on the criteria described in the preceding), the PFM project team conducted the following activities:

- Submitted a data request to the OTC
- Reviewed and analyzed OTC-provided data
- Completed subject matter expert/internal stakeholder interviews with representatives from OTC
- In collaboration with the Oklahoma City, Tulsa and State Chambers of Commerce, conducted external stakeholder interviews with industry representatives; and
- Benchmarked Oklahoma to other states.



# Background

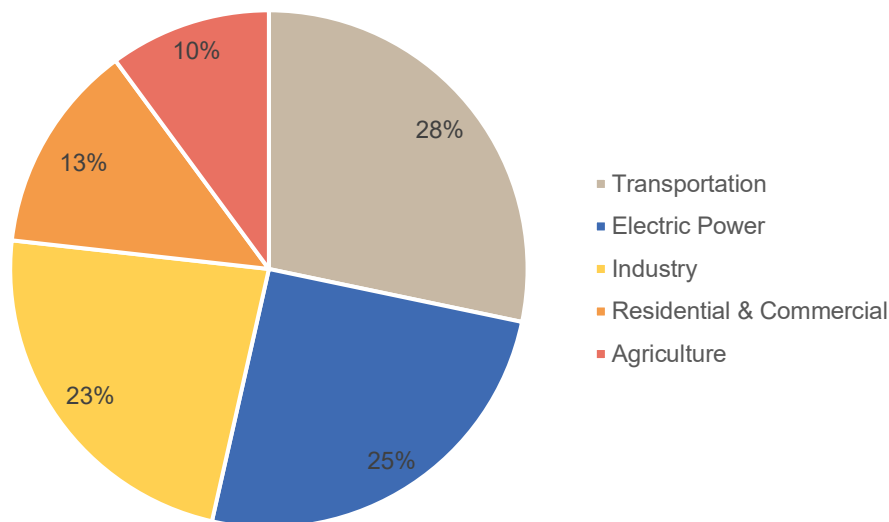


## Background and History

Greenhouse gases (GHGs) trap heat in the atmosphere. By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which leads to global warming. The vast majority of GHGs are carbon dioxide (CO<sub>2</sub>), accounting for approximately 79 percent of total U.S. emissions, followed by methane (11 percent) and nitrous oxide (6 percent). Over the past 60 years, atmospheric CO<sub>2</sub> has increased at an annual rate 100 times faster than previous natural increases. As a result of modern-day CO<sub>2</sub>-induced global warming, 2024 was the warmest year on record, with Earth's average land and ocean surface temperature reaching 2.32 degrees Fahrenheit above the 20th-century average, the highest in NOAA's 175-year climate record. The years 2023 and 2025 ranked second and third respectively, with 2024 remaining the hottest year on record.<sup>3</sup>

According to the Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990-2022 (the national inventory that the U.S. prepares annually under the United Nations Framework Convention on Climate Change), the transportation sector accounted for 28 percent of total U.S. greenhouse gas emissions in 2022 – the largest share of any sector (followed closely by the electricity sector and the industry sector). The following figure illustrates U.S. emissions by sector:

**Figure 1: 2022 U.S. GHG Emissions by Sector**



*Source: Inventory of U.S. Greenhouse Gas Emissions and Sinks 1990–2022*

Within the transportation sector, the majority of GHG emissions (37 percent) is produced by light-duty vehicles, with an additional 23 percent attributable to medium- and heavy-duty trucks, for a combined total of 60 percent of total sector emissions. The remaining 40 percent is attributable to passenger cars (20 percent), aircraft (9 percent); “other” sources, including buses, motorcycles, pipelines and lubricants (4 percent); ships and boats (3 percent); and rail (2 percent).

## Efforts to Curb GHG Emissions

To combat GHG-induced global warming, 196 parties adopted the Paris Agreement in December 2015, committing to limit long-term global warming and reduce greenhouse gas emissions. The United States

<sup>3</sup> Phys.Org, “Earth’s temperature peaks in 2024,” (January 13, 2025). Accessed electronically at <https://phys.org/news/2025-01-earth-temperature-peaks-hottest-year.html>



signed the Agreement in April 2016, withdrew in 2017, rejoined in January 2021, and withdrew a second time in January 2025 via Executive Order 14162. Under the Paris Agreement's terms, the second U.S. withdrawal took effect on January 27, 2026. During its participation from 2021 to 2025, the United States established a nationally determined contribution (NDC) targeting a 50–52 percent reduction in emissions below 2005 levels by 2030. Regardless of federal posture, many states, municipalities, and private sector actors continue to pursue emissions reduction goals, and domestic demand for lower-emission transportation fuels remains a driver of investment in alternative fuel infrastructure.

Due to growing awareness around environmental issues, alternative fuel vehicles are becoming more popular among car buyers, as they are powered by sources other than gas and diesel and do not have a standard combustion engine. Alternative fuels, as defined in the Energy Policy Act of 1992, include the following (though the State incentive program applies only to the fuels highlighted in blue text – and electricity only as it pertains to commercial delivery infrastructure):

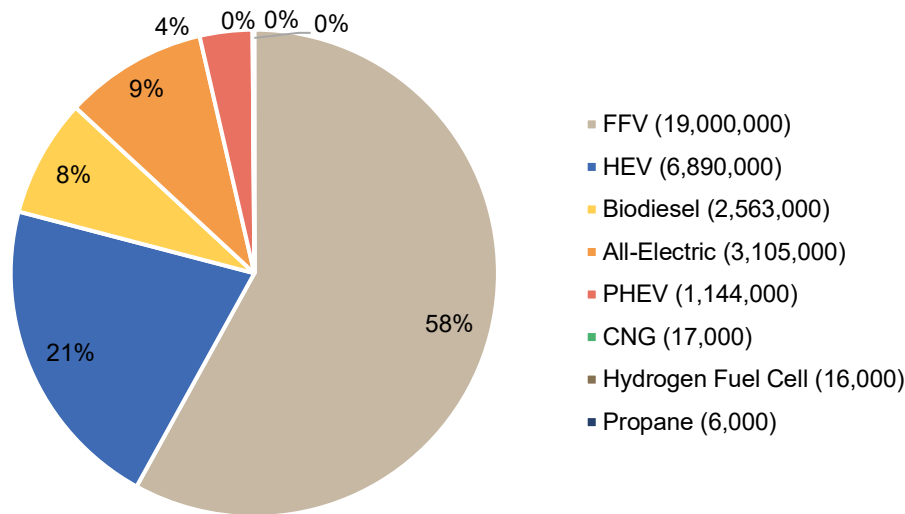
- **Natural gas and liquid fuels domestically produced from natural gas**
- **Propane (liquefied petroleum gas)**
- **Electricity**
- Biodiesel (B100)
- Hydrogen
- Blends of 85 percent or more of methanol, denatured ethanol and other alcohols with gasoline or other fuels
- Methanol, denatured ethanol and other alcohols
- Coal-derived, domestically produced liquid fuels
- Fuels (other than alcohol) derived from biological materials
- P-Series fuels

### **Prevalence of Alternative and Electric Vehicles**

According to the Alternative Fuels Data Center (AFDC), there were an estimated 32.7 million light duty alternative fuel vehicles registered in the U.S. at the end of 2023, an increase of roughly 5 million since 2018 (27.5 million light duty alternative fuel vehicles registered). Most of the vehicles are flexible fuel vehicles (FFVs), but those generally operate primarily on conventional gasoline. Hybrid electric vehicles (HEVs) are the second largest group by fuel type, accounting for 50 percent of the AFV population when excluding FFVs. Plug-in electric vehicles (PEVs) include all-electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs), and account for approximately 30 percent of the AFV population when excluding FFVs, an increase of 10 percent since 2018.



**Figure 2: Light Duty AFV Registrations in U.S. by Type (as of December 31, 2023)**



Source: Alternative Fuels Data Center

Government and private-sector vehicle fleets are the primary users for most of these fuels, and the rate of individual consumers interested in alternative fuels is decreasing.<sup>4</sup> According to a 2026 Pew Research Center survey, about a third of Americans (32 percent) say they would seriously consider purchasing an EV as their next vehicle, down from 38 percent in 2023 and 42 percent in 2022, and well below the 39 percent recorded in the previous 2021 Pew survey on this topic.<sup>5</sup> By contrast, hybrid vehicles continue to attract stronger interest, with 44 percent of Americans saying they would seriously consider purchasing one. Roughly half of Americans (53 percent) say they are not too or not at all likely to seriously consider an EV, and 15 percent say they do not expect to purchase a vehicle at all.

According to the AFDC, as of December 31, 2023, there were approximately 3.56 million all-electric vehicle registrations nationwide, a 45.6 percent increase from 2022. California accounts for approximately 35.3 percent of all EV registrations, down from 41.7 percent in 2020. Florida ranks second, accounting for 7.2 percent of the U.S. total, followed by Texas at 6.5 percent. Oklahoma had approximately 22,800 EV registrations as of December 2023, ranking 28th among states, a significant increase from the roughly 3,400 registrations recorded at the end of 2020 but still reflecting relatively modest adoption.<sup>6</sup> At approximately 5.6 EVs per 1,000 residents, Oklahoma remains below the national average of approximately 10.6 per 1,000. California leads the nation with over 3,000 EV registrations per 100,000 residents, and states along the West Coast and Northeast continue to outpace the rest of the country in per-capita EV adoption.<sup>7</sup>

Although Oklahoma ranks 28th in total EV registrations, the state offers some structural advantages for alternative vehicle owners. According to the Energy Information Administration's (EIA) 92024 Oklahoma State Electricity Profile, the state's average retail electricity price of 9.09 cents per kWh ranked 48th lowest in the

<sup>4</sup> U.S. Department of Energy Alternative Fuels Data Center, "Alternative Fuels and Advanced Vehicles." Accessed electronically at <https://afdc.energy.gov/fuels/>

<sup>5</sup> Pew Research Center, "How appealing are electric vehicles and hybrids to Americans?," (April 3, 2026). Accessed electronically at <https://www.pewresearch.org/science/2026/04/03/how-appealing-are-electric-vehicles-and-hybrids-to-americans/>

<sup>6</sup> U.S. Department of Energy Alternative Fuels Data Center, "Electric Vehicle Registrations by State." Accessed electronically at <https://afdc.energy.gov/data/10962>

<sup>7</sup> Visual Capitalist, "Electric Vehicles per capita by U.S. State." (June 7, 2025). Accessed electronically at <https://www.visualcapitalist.com/cp/mapped-electric-vehicles-per-capita-us-states/>



nation, making Oklahoma one of the cheapest states in the country for electricity-powered transportation.<sup>8</sup> Oklahoma's residential electricity rate of approximately 13.31 cents per kWh remains well below the national average of 18.83 cents per kWh. These low energy costs benefit not only electric vehicle owners but also support the economics of compressed natural gas as a transportation fuel, given that natural gas generation remains the dominant source of Oklahoma's electricity supply.

### Alternative Fuel and EV Charging Stations

The AFDC tracks the locations of alternative fuel and EV charging stations nationwide. According to their database, there are currently 1,400 CNG stations, 67 LNG stations, 2,985 propane stations and 86,810 EV charging stations (with 283,992 charging outlets). Of this total, Oklahoma accounts for more than 6 percent of the nation's CNG stations (down from 10 percent in 2021), 5.4 percent of its propane stations (up from 1.7 percent in 2021) and half of one percent of its EV charging stations (according to the AFDC, Oklahoma currently has no LNG stations). Given that Oklahoma comprises 1.2 percent of the total population of the U.S.,<sup>9</sup> its share of CNG and propane stations is relatively high.

**Table 5: Alternative Fuel and EV Charging Stations**

|          | Number of Stations | Oklahoma Stations | Oklahoma as % of Total |
|----------|--------------------|-------------------|------------------------|
| CNG      | 1,400              | 94                | 6.7%                   |
| LNG      | 67                 | 0                 | 0.0%                   |
| Propane  | 2,985              | 160               | 5.4%                   |
| Electric | 86,810             | 432               | 0.5%                   |

*Source: Alternative Fuels Data Center*

### Fuel Prices

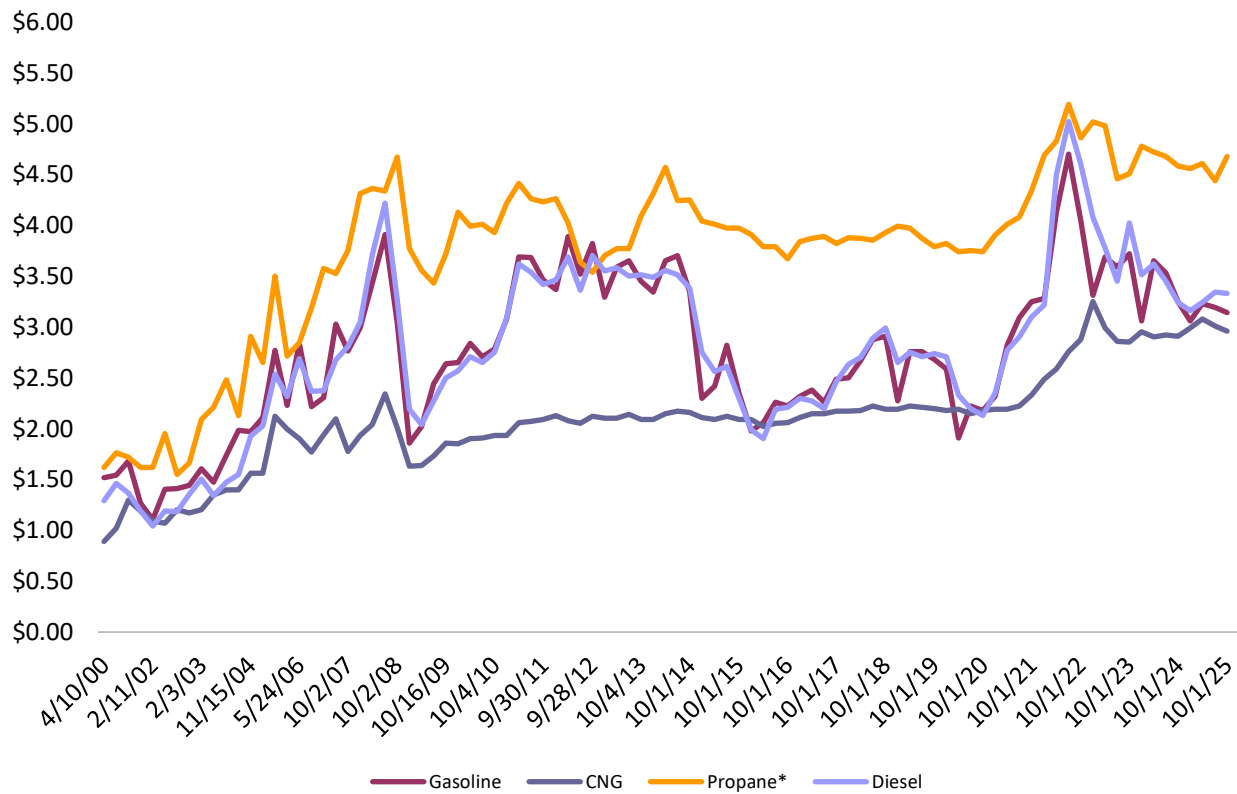
As gasoline prices increase, alternative fuels appeal more to vehicle fleet managers and consumers. As shown in Figure 3, of the fuels included under the State's incentive program, CNG generally provides a cost-effective and predictably-priced alternative to traditional gasoline and diesel, while propane is typically more expensive per gasoline gallon equivalent and tends to fluctuate in a way similar to gasoline and diesel. It should be noted that fuel efficiency is not factored into this calculation, as this is the cost of fuel alone.

<sup>8</sup> U.S. Department of Energy Alternative Fuels Data Center, "Oklahoma Electricity Profile 2024." Accessed electronically at <https://www.eia.gov/electricity/State/oklahoma/>

<sup>9</sup> According to the U.S. Census Bureau's 2024 American Community Survey 5-Year Estimates



**Figure 3: U.S. Average Retail Fuel Prices, April 2000-October 2025**



Source: Alternative Fuels Data Center – Clean Cities Alternative Fuel Price Reports



# **Incentive Usage and Administration**



## Incentive Characteristics

Oklahoma offers a one-time, non-refundable tax credit for certain investments in qualified clean-burning fuel and electric vehicle property; the credit can be carried forward for five years.<sup>10</sup> Eligible purchases fall into three distinct categories, which are defined in the following table, along with their respective incentive amounts.

**Table 6 Qualified Clean-Burning Motor Vehicle Fuel Property**

| Qualified Property Category                                                                                                                                                                                                                                                                                                                                                                                                                                               | Incentive Amount                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Vehicles</b> <ul style="list-style-type: none"><li>Motor vehicles originally propelled by CNG, LNG or liquified petroleum (propane); or</li><li>New equipment installed to modify a gasoline or diesel motor vehicle to be propelled by CNG, LNG or liquified petroleum</li></ul>                                                                                                                                                                                   | Maximum amount based on gross vehicle weight: <ul style="list-style-type: none"><li>Up to 6,000 lbs.: \$5,500</li><li>6,001-10,000 lbs.: \$9,000</li><li>10,001-26,500 lbs.: \$26,000</li><li>26,501 lbs. or more: \$100,000</li></ul> |
| <b>2. Commercial Fueling Property</b><br>Property (not including a building and its structural components) which is either: <ul style="list-style-type: none"><li>Directly related to delivering CNG, LNG or liquified petroleum gas for commercial purposes or for a fee or charge, including compression equipment and storage tanks; or</li><li>A metered-for-fee public access recharging station for vehicles propelled in whole or in part by electricity</li></ul> | Per-location credit of 45 percent of the cost of the qualified property                                                                                                                                                                |
| <b>3. Residential Fueling Property</b><br>Property related to compression and delivery of natural gas from a private home or residence for noncommercial purposes into the fuel tank of a motor vehicle propelled by natural gas                                                                                                                                                                                                                                          | Per-location credit of the lesser of 50 percent of the cost of the qualified property or \$2,500                                                                                                                                       |

Source: 68 O.S. § 2357.22

Since its inception, the incentive's sunset date has been extended several times, and various other modifications have been made to its provisions and parameters. HB 2095 in 2019 made multiple changes, including:

- An extension of the program's sunset date, from December 31, 2019 to December 31, 2027
- The adoption of a statewide cap of \$20 million annually, effective tax year 2020 and after; if credits exceed the annual cap, the OTC will annually calculate and publish a percentage reduction for all credits<sup>11</sup>
- The commercial fueling property credit percentage was reduced from 75 percent to 45 percent of the cost of property by location
- The vehicle credit amount changed from 45 percent of the cost of the vehicle to being based on vehicle weight, as shown in the following table:

<sup>10</sup> Per 68 O.S. § 2357.22. A copy of this statute is provided in Appendix B.

<sup>11</sup> If credits reach 80 percent of the total annual limit, the OTC must notify the Office of the State Secretary of Energy and Environment.



**Table 7: Maximum Vehicle Credit by Weight**

| Vehicle Weight       | Maximum Credit |
|----------------------|----------------|
| 6,000 lbs. or under  | \$5,500        |
| 6,001-10,000 lbs.    | \$9,000        |
| 10,001-26,500 lbs.   | \$26,000       |
| 26,501 lbs. or above | \$100,000      |

The recent change to the way the vehicle credit is calculated has changed the value of the credit, depending on vehicle type. The following table provides illustrative examples of the credit impact for the purchase of vehicles in each of the four weight categories. Based on this analysis, only vehicles within the low end of the 10,001 to 26,000-pound range benefit from these changes.

**Table 8: Impact of Tax Credit Changes by Vehicle Type**

|                  | Estimated New Vehicle Cost | Estimated Vehicle Weight | Previous Credit Amount (45% of Cost) | Current Credit Amount (Based on Weight) | Difference |
|------------------|----------------------------|--------------------------|--------------------------------------|-----------------------------------------|------------|
| Sedan            | \$25,000                   | 3,300                    | \$11,250                             | \$5,500                                 | (\$5,750)  |
| SUV              | \$33,000                   | 5,000                    | \$14,850                             | \$5,500                                 | (\$9,350)  |
| Utility Van      | \$40,000                   | 8,000                    | \$18,000                             | \$9,000                                 | (\$9,000)  |
| Minibus          | \$50,000                   | 12,000                   | \$22,500                             | \$26,000                                | \$3,500    |
| Step van         | \$60,000                   | 15,000                   | \$27,000                             | \$26,000                                | (\$1,000)  |
| Bucket Truck     | \$80,000                   | 18,000                   | \$36,000                             | \$26,000                                | (\$10,000) |
| School Bus       | \$100,000                  | 23,000                   | \$45,000                             | \$26,000                                | (\$19,000) |
| City Transit Bus | \$250,000                  | 30,000                   | \$112,500                            | \$100,000                               | (\$12,500) |
| Refuse Truck     | \$300,000                  | 35,000                   | \$135,000                            | \$100,000                               | (\$35,000) |

*Note: The U.S. FHWA defines vehicles as Class 1 through 8 based on a vehicle's gross vehicle weight rating, which is the maximum operating weight of the vehicle and provides these example vehicles.*

### Other Related Statutory Changes

In April 2021, the Oklahoma Legislature enacted the Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Act (HB 2234), which levies a \$0.03 tax per kilowatt hour (or its equivalent, as determined by the Oklahoma Corporation Commission) on the electric current used to charge or recharge the battery or batteries of an electric vehicle at public charging stations. The tax took effect January 1, 2024, with the first annual returns due January 27, 2025.

According to the measure, the intent of the tax is to ensure that "Oklahoma roads and travel infrastructure are able to be maintained as more electric vehicles begin to regularly utilize Oklahoma roads," equitably distributing the tax burden of road maintenance between electric and non-electric vehicle drivers. The tax does not apply to electric vehicles charged at a private residence for personal use, charging stations with a charging capacity of less than 50 kilowatts, or charging stations that do not require payment for use. Legacy chargers, or those in operation prior to November 1, 2021, that never had a metering system capable of measuring electricity transferred or time elapsed while charging and public charging stations that have never charged a fee for their use are exempt from remitting the tax until November 1, 2041.

Charging stations constructed or beginning operations on or after November 1, 2021 must use a metering system capable of measuring electricity by kilowatt hour or comparable measurement and permitting an audit



of electricity supplied. Each motor license agent is entitled to retain \$3.56 for each vehicle registered and 3.125 percent of vehicle excise tax collected.<sup>12, 13, 14</sup>

### Historic Use of the Credit

Aggregate credit activity varied considerably between 2015 and 2023, as shown in the following table. The number of claimants per year declined at a compound annual growth rate (CAGR) of 5.1 percent annually over the period, while total annual claims declined at a CAGR of 4.6 percent and the amount used to reduce tax liability declined at a CAGR of 5.0 percent. The average reduction in tax liability per claimant, however, has remained relatively stable, with a CAGR of essentially zero percent over the period. On average, approximately 456 claims are made each year resulting in approximately \$9.8 million annually in foregone State revenue, or well below the \$20 million annual cap on credits used to offset tax liability in place for tax years 2020 and after.

**Table 9: Tax Credit Claims Activity, 2015-2023**

|                | Number of Claimants | Total Amount Claimed | Amount Used to Reduce Tax Liability | Average Reduction in Tax Liability / Claimant |
|----------------|---------------------|----------------------|-------------------------------------|-----------------------------------------------|
| 2015           | 701                 | \$39,385,985         | \$15,170,420                        | \$21,641                                      |
| 2016           | 570                 | \$30,256,700         | \$7,914,103                         | \$13,884                                      |
| 2017           | 507                 | \$39,798,028         | \$11,091,753                        | \$21,877                                      |
| 2018           | 487                 | \$22,819,966         | \$8,987,682                         | \$18,455                                      |
| 2019           | 508                 | \$58,921,913         | \$14,906,482                        | \$29,343                                      |
| 2020           | 482                 | \$30,595,917         | \$11,822,376                        | \$24,528                                      |
| 2021           | 26                  | \$1,262,951          | \$859,442                           | \$33,055                                      |
| 2022           | 357                 | \$15,959,218         | \$7,177,725                         | \$20,106                                      |
| 2023           | 462                 | \$26,919,025         | \$10,038,244                        | \$21,728                                      |
| <b>Average</b> | <b>456</b>          | <b>\$29,546,634</b>  | <b>\$9,774,247</b>                  | <b>\$22,735</b>                               |
| <b>CAGR</b>    | <b>-5.1%</b>        | <b>-4.6%</b>         | <b>-5.0%</b>                        | <b>0.0%</b>                                   |

Source: Oklahoma Tax Commission

In 2014, the OTC began separating vehicle claims data from infrastructure claims data (except when vehicles where the taxpayer is unable to or elects not to determine the cost, which are likely minimal, are also included in the infrastructure claims data). Historically, infrastructure claims made up the vast majority of claims, but this flipped in 2022 and 2023, with vehicle claims making up over 60 percent of all claims. However, preliminary 2024 data from OTC shows an initial count of 5 vehicle credits and 12 infrastructure credits, so it is unclear whether this vehicle-majority trend will continue. The following table provides the share of claims by credit type since 2019.

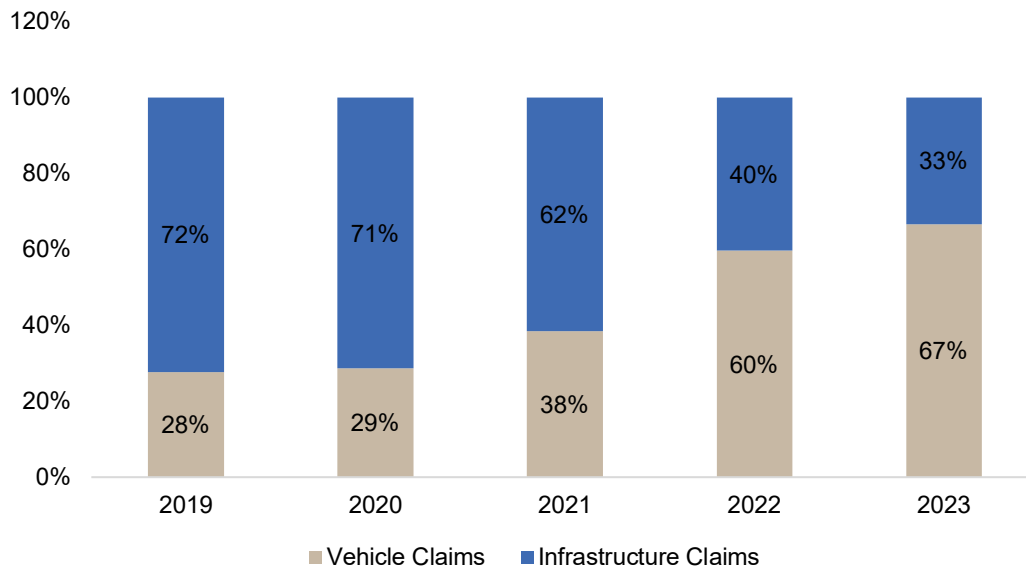
<sup>12</sup> Charging station owners are required to remit the tax monthly, using forms prescribed by the OTC. The measure provides that 85 percent of any tax revenue collected will be apportioned to the DRIVE Revolving Fund and the remaining 15 percent will be apportioned to counties throughout the state.

<sup>13</sup> Oklahoma House Bill 2234. Accessed electronically at [http://webserver1.lsb.state.ok.us/cf\\_pdf/2021-22%20ENR/hB/HB2234%20ENR.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2021-22%20ENR/hB/HB2234%20ENR.PDF)

<sup>14</sup> Summary of Oklahoma House Bill 2234. Accessed electronically at [http://webserver1.lsb.state.ok.us/cf\\_pdf/2021-22%20SUPPORT%20DOCUMENTS/BILLSUM/Senate/HB2234%20ENGR%20BILLSUM.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2021-22%20SUPPORT%20DOCUMENTS/BILLSUM/Senate/HB2234%20ENGR%20BILLSUM.PDF)



**Figure 4: Share of Claims by Credit Type, 2019-2023**



Source: Oklahoma Tax Commission

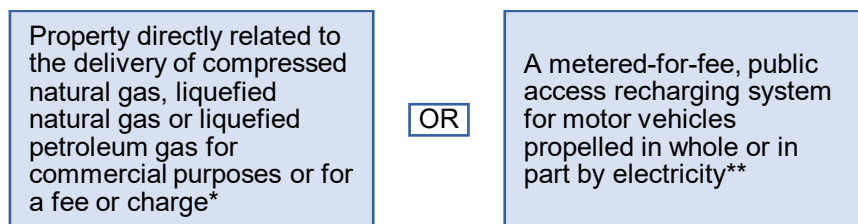
### Incentive Administration

The incentive is administered by the OTC, and they are responsible for its main administrative components.

1. **Determining eligibility.** No qualified establishments or its contractors or subcontractors that participate in the Quality Jobs Program or Small Employer Quality Jobs Program are eligible to receive this credit.<sup>15</sup>

Certain eligibility parameters – particularly those related to investments made in commercial fueling property – lack clarity. As outlined in current statute, to be eligible for the credit for investments made in commercial fueling property, the property purchased must meet one of the following two criteria:

**Figure 5: Eligible Commercial Fueling Property Investments**



\* Into the fuel tank of a motor vehicle propelled by such fuel including compression equipment and storage tanks for such fuel at the point where such fuel is so delivered, but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle.

\*\* The property covered by this paragraph must be new and must not have been previously installed or used to refuel vehicles powered by compressed natural gas, liquefied natural gas or electricity.

<sup>15</sup> See OAC 710:50-15-81(b).



In speaking with stakeholders and industry representatives as part of the evaluation process, the project team heard anecdotally that the phrases “for a fee or charge” and “metered-for-fee, public access recharging system” had been the sources of confusion for potential claimants.

2. **Determining the Credit.** Eligible taxpayers apply for the credit by submitting OTC Form 567-A, Credit for Investment in Clean-Burning Motor Fuel Vehicle Property (provided in **Appendix C**). The totals generated from this form are then carried over to Form 511CR, Other Credits. In addition to the forms, taxpayers must also submit the associated invoice(s) and purchasing agreement(s).

Applications for the credit are processed alongside their associated income tax returns; the credit forms are not reviewed unless the income tax return is flagged. In these instances, the Tax Policy Division of the OTC reviews the returns and associated applications for accuracy.

3. **Reporting.** Estimates from Form 511CR are reported in Open Books and in the State’s Tax Expenditures report, which is produced every two years.

The credit is subject to an annual cap of \$30 million in total, allocated as \$10 million per fuel source (CNG/LNG, liquefied petroleum gas, and hydrogen fuel cell). If one fuel source does not use its full \$10 million allocation each year, the remainder is reallocated evenly to the other fuel sources. This cap structure, effective for tax years 2023–2028, replaced the prior \$20 million aggregate cap that applied to tax years 2020–2022, and may affect the comparability of year-over-year data across those transition periods.

The State currently reports claims in two high-level categories: credits for vehicles, and credits for infrastructure. Because more detailed data is not collected and reported, it is not possible to know factors driving incentive usage, including the type of vehicle where the credit is being claimed (i.e. CNG, LNG or propane) and whether infrastructure-related claims are for commercial delivery of clean-burning fuel, commercial delivery of electricity, or residential delivery of clean-burning fuel.

## Business Incentives Best Practices

The PFM Project Team has established a set of best practices that can apply broadly to incentive program designs.<sup>16</sup> These are based on decades of experience evaluating programs as well as reviewing the associated academic literature and evaluations of programs by State agencies or departments. A program can then be judged to either fully adopt, partly adopt, or not adopt a given practice.

In the case of the Clean-Burning Motor Vehicle Fuel Property Tax Credit, best practices are partially adopted. The credit is broadly available to any Oklahoma taxpayer who purchases or converts a qualifying alternative fuel vehicle or installs qualifying fueling infrastructure, covering compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and electric charging equipment. The alternative fuel and clean transportation sector is an area of growing national interest, and this incentive aims to accelerate adoption of cleaner vehicle technologies within the state by offsetting meaningful upfront costs. The program includes a statutory sunset and annual dollar caps by fuel category, which reflect responsible fiscal design and requires regular legislative review of the program’s continued value.

However, the credit doesn’t align with other best practices. It is non-discretionary and automatic, meaning there is no application process, no agency review, and no ability to prioritize higher-impact investments or reject marginal ones. The program also contains no clawback mechanism. Because the credit operates as a matter of statutory right rather than through a contractual agreement, the state has no recourse if a recipient disposes of the qualifying property shortly after claiming the credit. These structural limitations are common to statutory tax credits and would require legislative action to address.

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<sup>16</sup> Details on the best practices and their establishment can be found in the Appendices.



The following chart below provides the project team's assessment of the Clean Burning Motor Vehicle Fuel Property Tax Credit's alignment with incentive program best practices.

**Figure 6: Incentive Best Practice Alignment**

| <b>Best Practice</b>                                  |   |
|-------------------------------------------------------|---|
| Targeted to specific companies or industries          | ○ |
| Discretionary                                         | ○ |
| Leverage significant private capital                  | ◐ |
| Limited duration / front-loaded benefits to 1-3 years | ◐ |
| State / Local conditions considered                   | ○ |
| Overcoming practical barriers to growth               | ◐ |
| Transparency                                          | ◐ |
| Accountability                                        | ○ |
| Cap on value of awards                                | ○ |
| Simple and understandable                             | ◐ |
| Sunset on program duration                            | ● |

*Legend: Dark circle = full adoption, Light circle = partial adoption, Empty circle = limited adoption*



# **Economic and Fiscal Impact**



## Economic and Fiscal Impact

For this analysis, PFM uses the IMPLAN economic impact software, a proprietary model. PFM has obtained a license for use of the IMPLAN model for these evaluations. IMPLAN uses Social Accounting Matrices (SAMs) to capture the actual dollar amounts of all business transactions taking place in a regional economy, as reported each year by businesses and government agencies. The IMPLAN model identifies three kinds of economic effects: direct, indirect, and induced. The project team then translates the combined economic effects into state tax revenue for comparison purposes. A detailed summary of the IMPLAN economic impact methodology is provided in **Appendix C**.

The Clean Burning Fuel Tax Credit includes an ability to claim credit for the purchase of a motor vehicle which operates on a qualified clean burning motor vehicle fuel and for infrastructure, not previously installed, which is used to refuel vehicles powered by compressed natural gas, liquefied natural gas or liquefied petroleum gas or electricity, often referred to as “charging stations”.

There is sufficient data to analyze economic impacts of the infrastructure component of the tax credit, which comprised between 62 and 72 percent from 2019-2021, but only 40 percent in 2022 and 33 percent in 2023. The purchase of clean burning fuel vehicles is excluded, because there is limited overall economic impact from vehicle sales not manufactured locally, and because there is no basis to be able to determine the “but for” question: whether the tax credit incentivized a vehicle purchase that otherwise would not have occurred. For these reasons, the vehicle claims have been excluded, resulting in a more conservative measure of overall economic impacts for the program.

The economic impacts of the infrastructure component of the clean burning fuel tax credit are shown in the following table.

**Table 10: Economic Impacts of Clean Burning Fuel Tax Credits, 2016-2023**

| Year | Impact       | Employment | Labor Income        | Value Added         | Output              | State Tax Revenue | Claim Amount Used  |
|------|--------------|------------|---------------------|---------------------|---------------------|-------------------|--------------------|
| 2016 | Direct       | 102        | \$9,386,110         | \$11,673,923        | \$30,256,700        |                   |                    |
|      | Indirect     | 24         | \$1,910,622         | \$3,002,735         | \$6,643,973         |                   |                    |
|      | Induced      | 24         | \$1,228,556         | \$2,783,135         | \$4,686,759         |                   |                    |
|      | <b>Total</b> | <b>151</b> | <b>\$12,525,287</b> | <b>\$17,459,793</b> | <b>\$41,587,432</b> | <b>\$500,073</b>  | <b>\$6,312,422</b> |
| 2017 | Direct       | 121        | \$10,264,930        | \$12,959,997        | \$39,798,028        |                   |                    |
|      | Indirect     | 31         | \$2,474,765         | \$3,857,180         | \$8,759,836         |                   |                    |
|      | Induced      | 26         | \$1,347,651         | \$3,044,134         | \$5,147,995         |                   |                    |
|      | <b>Total</b> | <b>179</b> | <b>\$14,087,346</b> | <b>\$19,861,311</b> | <b>\$53,705,859</b> | <b>\$581,898</b>  | <b>\$8,999,558</b> |
| 2018 | Direct       | 78         | \$6,946,142         | \$8,957,596         | \$22,819,966        |                   |                    |
|      | Indirect     | 17         | \$1,311,889         | \$2,090,464         | \$4,751,349         |                   |                    |
|      | Induced      | 16         | \$838,812           | \$1,940,579         | \$3,237,089         |                   |                    |
|      | <b>Total</b> | <b>111</b> | <b>\$9,096,843</b>  | <b>\$12,988,639</b> | <b>\$30,808,404</b> | <b>\$374,171</b>  | <b>\$7,522,244</b> |
| 2019 | Direct       | 206        | \$18,868,251        | \$23,593,237        | \$58,921,913        |                   |                    |
|      | Indirect     | 45         | \$3,542,755         | \$5,705,000         | \$12,553,532        |                   |                    |



| Year | Impact       | Employment | Labor Income        | Value Added         | Output              | State Tax Revenue  | Claim Amount Used   |
|------|--------------|------------|---------------------|---------------------|---------------------|--------------------|---------------------|
|      | Induced      | 43         | \$2,282,424         | \$5,102,152         | \$8,597,391         |                    |                     |
|      | <b>Total</b> | <b>294</b> | <b>\$24,693,430</b> | <b>\$34,400,389</b> | <b>\$80,072,836</b> | <b>\$1,070,013</b> | <b>\$12,682,198</b> |
|      |              |            |                     |                     |                     |                    |                     |
| 2020 | Direct       | 108        | \$9,546,621         | \$11,854,730        | \$30,595,917        |                    |                     |
|      | Indirect     | 25         | \$1,979,870         | \$3,114,212         | \$6,689,328         |                    |                     |
|      | Induced      | 21         | \$1,163,240         | \$2,489,930         | \$4,142,925         |                    |                     |
|      | <b>Total</b> | <b>153</b> | <b>\$12,689,731</b> | <b>\$17,458,871</b> | <b>\$41,428,170</b> | <b>-\$11,152</b>   | <b>\$9,940,836</b>  |
|      |              |            |                     |                     |                     |                    |                     |
| 2021 | Direct       | 4          | \$372,969           | \$452,221           | \$1,262,951         |                    |                     |
|      | Indirect     | 1          | \$75,379            | \$123,742           | \$279,145           |                    |                     |
|      | Induced      | 1          | \$45,210            | \$96,092            | \$165,523           |                    |                     |
|      | <b>Total</b> | <b>6</b>   | <b>\$493,558</b>    | <b>\$672,055</b>    | <b>\$1,707,619</b>  | <b>\$12,674</b>    | <b>\$161,255</b>    |
|      |              |            |                     |                     |                     |                    |                     |
| 2022 | Direct       | 64         | \$4,801,134         | \$5,895,986         | \$15,959,218        |                    |                     |
|      | Indirect     | 14         | \$961,034           | \$1,660,191         | \$3,753,083         |                    |                     |
|      | Induced      | 12         | \$629,404           | \$1,347,175         | \$2,351,724         |                    |                     |
|      | <b>Total</b> | <b>89</b>  | <b>\$6,391,573</b>  | <b>\$8,903,351</b>  | <b>\$22,064,024</b> | <b>\$345,906</b>   | <b>\$3,097,999</b>  |
|      |              |            |                     |                     |                     |                    |                     |
| 2023 | Direct       | 110        | \$8,431,492         | \$10,406,230        | \$26,919,025        |                    |                     |
|      | Indirect     | 39         | \$2,747,411         | \$4,734,323         | \$9,750,224         |                    |                     |
|      | Induced      | 43         | \$2,359,265         | \$4,583,310         | \$7,964,321         |                    |                     |
|      | <b>Total</b> | <b>193</b> | <b>\$13,538,168</b> | <b>\$19,723,863</b> | <b>\$44,633,569</b> | <b>\$774,192</b>   | <b>\$3,964,873</b>  |

The annual economic impact of the credit averages \$39.5 million over the 2016-2023 period. Economic impacts are greater than claims used, and average annual employment is 147 new jobs created, with total annual wages averaging \$11.6 million per year. Additional state tax revenues offsetting the claims used averages \$455,970 each year, but ranged from a low of -\$11,152 in 2020 to \$1,070,013 in 2019.

### Effect on Business Behavior

As previously noted, SB 1990 requires the incentive evaluations to consider “the extent to which the incentive changes business behavior, including whether the business receiving the incentive would likely have taken any action required to receive the incentive in the absence of such incentive.”

Business location, hiring and investment decisions rely on a combination of considerations, including market factors, worker availability, infrastructure, access to suppliers and customers, and a reasonable cost structure, which can include taxes. Incentives that lower costs, provide capital, or offer services are one factor among many that can influence business behavior.

The extent to which an incentive changes an individual business's behavior has been widely debated. Since incentives are just one factor among many influencing any given business decision, incentives rarely, if ever, are 100 percent responsible for a given investment. At the same time, it is unlikely that an incentive had absolutely no impact at all.



Based on a review of 30 different studies, Timothy J. Bartik of the W.E. Upjohn Institute estimated incentives probably affect between 2 percent and 25 percent of incented firms making business location, expansion, or job retention decisions.<sup>17</sup> However, a discretionary incentive that includes a robust application and review process and requires regular reporting on milestone achievement is likely to affect behavior differently than a statutory tax break with few accountability mechanisms. Incentive programs with these design features may have a greater effect on investment decisions.<sup>18</sup> While it is difficult to quantify the impact of an incentive to an individual firm's decision making, evidence does suggest that certain factors do influence both business choice and incentive effectiveness. Nevertheless, Bartik concluded, "Overall, the research literature on incentives' "but for" effects is not as rigorous as one might hope."<sup>19</sup>

Given the challenges of determining the specific extent to which an individual incentive changes individual business behavior, the evaluations consider the factors that are most likely to indicate that the incentive influenced business decisions. These include:

- **Features of the incentive offer.** The relative size of the incentive benefit affects its impact<sup>20,21</sup> as do the incentive type and structure, leverage generated, timing of the application, and whether a firm is a first-time or repeat incentive recipient.<sup>22,23</sup>
- **Firm attributes.** Cost-sensitive or efficiency-seeking operations (such as manufacturing, call centers, and distribution centers) and foreign investors have also been found to be more likely to be influenced by the availability of incentives, as are companies for whom the incentive meets a specified need, such as project financing or support services.<sup>24</sup>
- **Details obtained in the application process or built into project eligibility requirements** that indicate need for or value of the incentive to the individual business.
- **Consideration of multiple investment locations.** Companies that have credibly considered multiple locations that are able to meet their operational needs or have functions that are mobile (that is, they do not need to locate in a specific place in order to meet their operational needs) are more likely to value state and local incentives in their decision process.<sup>25,26,27</sup>
- **Changes in desired outcomes documented by compliance and evaluation procedures.**

These factors indicate but do not definitively determine whether a business receiving the incentive would likely have taken any action required to receive the incentive in the absence of such incentive. Because the incentive's precise impact on individual business decisions and therefore the outcomes generated cannot be known, the Fiscal and Economic Impact Analysis for each evaluation also estimates a breakeven level at

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<sup>17</sup> Bartik, Timothy J. "But For' Percentages for Economic Development Incentives: What percentage estimates are plausible based on the research literature?" W.E. Upjohn Institute for Employment Research. 2018.

<sup>18</sup> "Michigan Business Development Program Effectiveness Study." W.E. Upjohn Institute and Center for Regional and Economic Competitiveness. January 2019.

<sup>19</sup> Bartik, 2018.

<sup>20</sup> James, 2013.

<sup>21</sup> Bartik, Timothy J. "Who Benefits from Economic Development Incentives? How Incentive Effects on Local Incomes and the Income Distribution Vary with Different Assumptions about Incentive Policy and the Local Economy." W.E. Upjohn Institute Technical Report No. 18-034. 2018.

<sup>22</sup> Foley, 1992.

<sup>23</sup> Lenihan, et al. "Developing an Evaluative Framework for Industrial Policy in Ireland: Fulfilling the Audit Trail or an Aid to Policy Development." Quarterly Economic Commentary. 2005.

<sup>24</sup> Tavares-Lehmann, 2016.

<sup>25</sup> James, Sebastian. "Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications." Investment Climate Advisory Services of the World Bank Group. 2013.

<sup>26</sup> Jensen, Nathan M. "Exit Options in Firm-Government Negotiations: An Evaluation of the Texas Chapter 313 Program." Washington Center for Equitable Growth Working Paper series. 2017.

<sup>27</sup> Tavares-Lehmann, et al. "Rethinking Investment Incentives: Trends and Policy Options." 2016.



which the total benefits from the incentive program would have to be attributable to the incentive in order for the State to break even on its investment.

#### *Applying But for Considerations on the Clean Burning Fuel Vehicle Tax Credit*

- **Features of the Incentive Offer:** The credit is automatic and non-discretionary, requiring no application review or prioritization of higher-impact projects. Vehicle credit amounts are fixed by weight class rather than tied to actual project cost, and recent statutory changes reduced the value of the credit for most vehicle types, which may diminish its influence relative to the prior 45-percent-of-cost structure.
- **Firm Attributes:** Fleet operators and businesses using alternative fuel vehicles are generally cost-sensitive, and infrastructure and vehicle claims have historically made up the bulk of usage. However, claim volume has declined at a compound annual rate of roughly 5 percent since 2015, making it difficult to assess whether current claimants are more or less responsive to the incentive over time.
- **Details Obtained in the Application Process:** Eligibility is established through a straightforward tax form requiring invoices and purchase agreements, with no requirement to demonstrate that the credit was necessary to the purchase decision. Applications are only reviewed in detail if the associated income tax return is flagged.
- **Consideration of Multiple Investment Locations:** Vehicle and fueling infrastructure purchases are generally not location-mobile in the way a facility investment would be, since the fuel or vehicle must be used where the business operates. Every state offers some comparable incentive, but because 30-plus states offer similar credits, benchmarking suggests this is a widely available benefit rather than a differentiator likely to shift where a business locates or operates.
- **Changes in Desired Outcomes Documented by Compliance Procedures:** The program includes no clawback mechanism, meaning the state has no recourse if a recipient disposes of qualifying property shortly after claiming the credit. Combined with declining claim volume and no required outcome reporting beyond aggregate credit totals, there is limited evidence available to assess whether the credit reliably changes vehicle or infrastructure investment behavior over time.

On balance, the Clean Burning Fuel Vehicle Tax Credit shows limited evidence of meaningfully changing business behavior. Its automatic, non-discretionary structure means there is no mechanism to prioritize higher-impact projects or verify that the credit influenced a purchase decision, and the straightforward eligibility process requires no demonstration of need. While fleet operators and businesses using alternative fuel vehicles are generally cost-sensitive, declining claim volume over time makes it difficult to conclude that the credit is actively driving investment decisions.

Vehicle and infrastructure purchases are not location-mobile, limiting the credit's relevance as a competitive differentiator, and comparable incentives are available in more than 30 other states. The absence of a clawback mechanism and any outcome reporting further undermines confidence that the credit reliably produces the investment behavior it is intended to encourage.

Oklahoma's strong per-capita position in CNG and propane infrastructure, ranking first in the nation in both categories, suggests that market forces, existing infrastructure, and Oklahoma's energy industry profile are more likely drivers of alternative fuel vehicle adoption than the credit itself. Businesses receiving this incentive would likely have made similar vehicle and infrastructure investments in its absence.



# **Goals, Strategy, and Competitive Considerations**



## **Strategic Plan Alignment**

The Clean Burning Fuel Vehicle Tax Credit has partial alignment with Commerce's 2025 Strategic Plan for Community and Economic Development. The five identified pillars driving economic growth are responsive partnerships, regional industry targeting, ready workforce, ready sites, and relevant incentives. The credit connects most directly to the relevant incentives pillar, which calls for incentives that remain competitive with other states while protecting taxpayer dollars. The program's annual dollar caps by fuel category and statutory sunset reflect some of these principles, though its non-discretionary design and lack of accountability mechanisms distinguish it from the state's more structured business-recruitment incentives.

The strategic plan identifies Energy as its top industry for statewide recruitment and retention, with natural gas listed among its priority subsectors. The credit's coverage of CNG vehicles and fueling infrastructure suggests it may provide some benefit to that sector, and it is reasonable to believe the credit contributes to sustaining demand for alternative fuel infrastructure to some degree. Oklahoma ranks first in the nation on a per-capita basis for CNG fueling stations, and the credit's broader infrastructure component (covering CNG, LNG, propane, hydrogen, and EV charging equipment) is consistent with the kind of energy infrastructure investment the strategic plan associates with attracting large-scale economic development.

The strategic plan also outlines measurable goals including "Encourage New Private Investment" and "Grow Community Capital Improvement." However, aggregate credit activity has declined at a compound annual rate of roughly 5 percent since 2015, and the program's usage split between vehicle and infrastructure claims has fluctuated considerably year to year, making it difficult to establish a clear, sustained contribution to these goals.

## **Macroeconomic Impacts and Competitive Advantage**

At a macroeconomic level, the credit's competitive positioning is shaped less by its own design than by Oklahoma's underlying energy cost advantage. The state's low industrial and residential electricity rates, among the lowest in the nation, independently support the economics of both electric vehicles and compressed natural gas as transportation fuels, meaning the credit functions as a supplemental benefit layered on top of a cost advantage that exists regardless of the incentive. Nationally, every state offers some form of alternative fuel or vehicle incentive, with 31 states offering vehicle-specific programs alone, suggesting Oklahoma's credit is competing in a saturated field rather than offering a distinguishing advantage to firms or individuals choosing where to locate or invest.

The program's structural limitations further constrain its ability to generate a demonstrable competitive advantage. Because the credit is automatic and non-discretionary, with no application review, clawback mechanism, or requirement to report on outcomes beyond aggregate claim totals, the state has limited ability to verify whether the credit is driving genuine changes in vehicle adoption or fueling infrastructure investment, as opposed to subsidizing purchases that would have occurred regardless. Combined with a declining claims trend and Oklahoma's below-average EV adoption rate relative to other states, the available evidence does not clearly establish that the credit itself, independent of the state's broader energy cost advantages, is generating a meaningful macroeconomic return for Oklahoma.



# Incentive Benchmarking



## **Benchmarking Introduction**

A detailed description of comparable state programs can be found in **Appendix E**.

For evaluation purposes, benchmarking provides information related to how peer states use and evaluate similar incentives. At the outset, it should be understood that no states are ‘perfect peers’ – there will be multiple differences in economic, demographic and political factors that will have to be considered in any analysis; likewise, it is exceedingly rare that any two state incentive programs will be exactly the same.<sup>28</sup> These benchmarking realities must be taken into consideration when making comparisons – and, for the sake of brevity, the report will not continually re-make this point throughout the discussion.

### **Peer State Incentives: Key Findings**

The process of creating a comparison group for incentive benchmarking typically begins with bordering states because proximity often leads states to compete for the same regional businesses or business/industry investments. Second, neighboring states often (but not always) have similar economic, demographic or political structures that lend themselves to comparison. Incentives for investments in clean-burning fuel and EV property, however, are not constrained by geographic location – and are quite common among states.

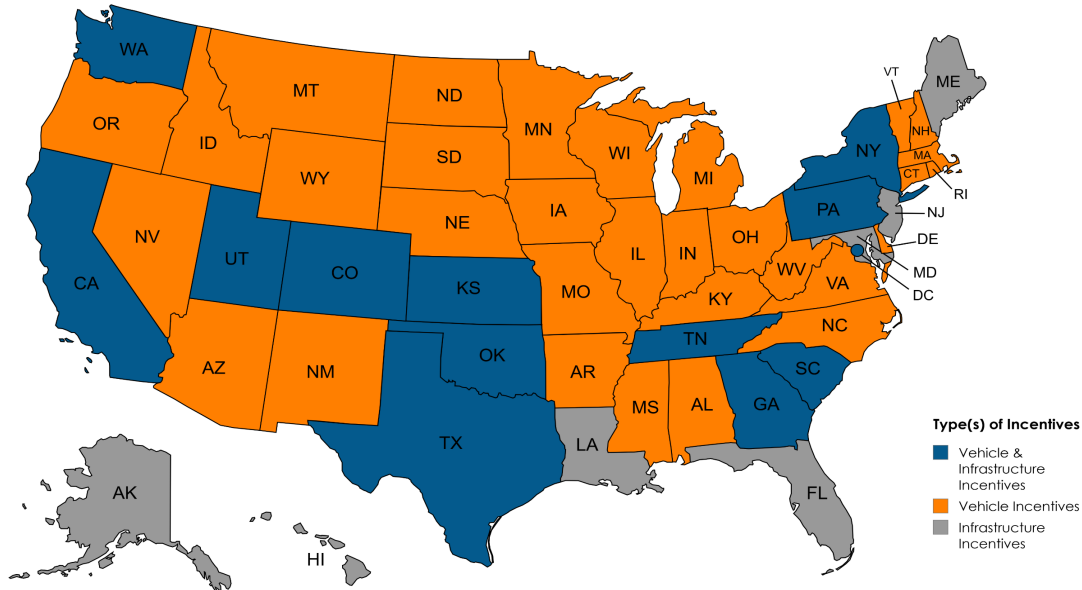
Based on a review of the Alternative Fuels Data Center’s database of state incentives related to alternative fuels and advanced vehicles, every state offers some kind of incentive for investments in related vehicles and infrastructure: 31 with programs specifically for vehicles, seven with designated infrastructure programs, and 13 with programs that incent both vehicle and infrastructure investments. These states are identified on the following map.

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<sup>28</sup> The primary instances of exactly alike state incentive programs occur when states choose to ‘piggyback’ onto federal programs.



**Figure 7: Map of States with Comparable Incentives**



Created with mapchart.net

A review of alternative fuel vehicle and infrastructure incentives across peer states reveals several notable patterns. Among tax-based incentives, the predominant model is a credit or exemption tied directly to the incremental cost of an alternative fuel vehicle or conversion, which creates a stronger behavioral link than Oklahoma's fixed credit amounts by weight class.

Several states, including Kansas, New York, South Carolina, and Washington, offer dedicated infrastructure tax credits separate from vehicle credits, recognizing that fueling availability is often the more significant barrier to fleet adoption. A number of states also pair financial incentives with non-monetary benefits such as emissions inspection exemptions and HOV lane access, broadening the value proposition beyond the credit itself.

Notably, few states offer a program structured like Oklahoma's that covers both vehicles and fueling infrastructure under a single credit, and none of the benchmarked states use Oklahoma's specific approach of fixed per-vehicle-class credit amounts disconnected from actual project cost.

A detailed summary of state programs is provided in Appendix E.



# Appendices



## **Appendix A: One-Time Credit Against Income Tax for Investments in Qualified Clean-Burning Motor Vehicle Fuel Property (68 O.S. § 2357.22) – Effective 01/01/2027**

A. For tax years 2028 and before, there shall be allowed a one-time credit against the income tax imposed by Section 2355 of this title for investments in qualified clean-burning motor vehicle fuel property placed in service on or after January 1, 1991, or with respect to a hydrogen fuel cell, on or after July 1, 2023.

B. As used in this section, “qualified clean-burning motor vehicle fuel property” means:

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

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

b. meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571, or

c. for any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations;

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

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

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

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

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

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

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

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



1. For the qualified clean-burning motor vehicle fuel property defined in paragraphs 1, 2, or 5 of subsection B of this section, the amount of the credit shall be as follows based upon gross vehicle weight of the qualified vehicle:
    - a. for vehicles up to or below six thousand (6,000) pounds, the credit shall be a maximum of Five Thousand Five Hundred Dollars (\$5,500.00),
    - b. for vehicles between six thousand one (6,001) pounds to ten thousand (10,000) pounds, the credit shall be a maximum amount of Nine Thousand Dollars (\$9,000.00),
    - c. for vehicles of ten thousand one (10,001) pounds, but not in excess of twenty-six thousand five hundred (26,500) pounds, the credit shall be a maximum amount of Twenty-six Thousand Dollars (\$26,000.00), and
    - d. for vehicles in excess of twenty-six thousand five hundred one (26,501) pounds, the credit shall be a maximum amount of One Hundred Thousand Dollars (\$100,000.00);
  2. For qualified clean-burning motor vehicle fuel property defined in paragraph 3 of subsection B of this section, a per-location credit of forty-five percent (45%) of the cost of the qualified clean-burning motor vehicle fuel property; and
  3. For qualified clean-burning motor vehicle fuel property defined in paragraph 4 of subsection B of this section, a per-location credit of the lesser of fifty percent (50%) of the cost of the qualified clean-burning motor vehicle fuel property or Two Thousand Five Hundred Dollars (\$2,500.00).
- E. In cases where no credit has been claimed pursuant to paragraph 1 of subsection D of this section by any prior owner and in which a motor vehicle is purchased by a taxpayer with qualified clean-burning motor vehicle fuel property installed by the manufacturer of such motor vehicle and the taxpayer is unable or elects not to determine the exact basis which is attributable to such property, the taxpayer may claim a credit in an amount not exceeding the lesser of ten percent (10%) of the cost of the motor vehicle or One Thousand Five Hundred Dollars (\$1,500.00).
- F. If the tax credit allowed pursuant to subsection A of this section exceeds the amount of income taxes due or if there are no state income taxes due on the income of the taxpayer, the amount of the credit not used as an offset against the income taxes of a taxable year may be carried forward, in order, as a credit against subsequent income tax liability for a period not to exceed five (5) years. The tax credit authorized pursuant to the provisions of this section shall not be used to reduce the tax liability of the taxpayer to less than zero (0).
- G. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half (1/2) of the tax credit that would have been allowed for a joint return.
- H. The Oklahoma Tax Commission is herein empowered to promulgate rules by which the purpose of this section shall be administered including the power to establish and enforce penalties for violations thereof.
- I. Notwithstanding the provisions of Section 2352 of this title, for the fiscal year beginning on July 1, 2014, through fiscal year 2023, the Tax Commission shall calculate an amount that equals five percent (5%) of the cost of qualified clean-burning motor vehicle fuel property as provided for in paragraph 1 of subsection D of this section for tax year 2012. For each subsequent fiscal year thereafter, the Tax Commission shall perform the same computation with respect to the second tax year preceding the beginning of each subsequent fiscal year. For fiscal year 2024, the Tax Commission shall calculate an amount that equals twelve percent (12%) of the credit for qualified clean-burning motor vehicle fuel property as provided in paragraph 1 of subsection D of this section for tax year 2021. For each subsequent fiscal year, the Tax Commission shall perform the same calculation for credits claimed in the second preceding tax year. The Tax Commission shall then transfer an amount equal to the amount calculated in this subsection from the



revenue derived pursuant to the provisions of subsections A, B and E of Section 2355 of this title to the Compressed Natural Gas Conversion Safety and Regulation Fund created in Section 130.25 of Title 74 of the Oklahoma Statutes.

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

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

L. Except as otherwise provided by this subsection, for the tax years 2023 through 2028, the total amount of credits authorized by this section used to offset tax shall be adjusted annually to limit the annual amount of credits to:

1. Ten Million Dollars (\$10,000,000.00) for qualified clean burning fuel property propelled by compressed natural gas, liquefied natural gas, or liquefied petroleum gas, property related to the delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, and property directly related to the compression and delivery of natural gas;

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

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

If one of the tax credit pools as described in paragraphs 1 through 3 of this subsection is not fully utilized for the applicable tax year, the remaining balance of that pool shall be allocated to each of the two remaining tax credit pools in equal amounts. If two of the tax credit pools as described in paragraphs 1 through 3 of this subsection are not fully utilized for the applicable tax year, the remaining balances in both pools shall be added together and the sum of those amounts shall be allocated to the remaining tax credit pool.

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

M. Pursuant to subsection L of this section, in the event the tax credits authorized by this section exceed any of the limits provided in paragraphs 1 through 3 of subsection L of this section in any year, the Tax Commission shall permit any excess over Ten Million Dollars (\$10,000,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years with respect to any changes to the future of the credit.



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



**Appendix B: 2025 Application for Credit for Investment in Clean-Burning Motor Fuel Vehicle Property (OTC Form 567-A)**



State of Oklahoma  
**Credit for Investment in Clean-Burning  
Motor Vehicle Fuel Property**



FORM **567-A** 2025

|                         |                                                                  |
|-------------------------|------------------------------------------------------------------|
| Name as Shown on Return | Social Security Number or Federal Employer Identification Number |
|-------------------------|------------------------------------------------------------------|

Indicate the qualified clean-burning fuel property for which you are claiming a credit.

- |                                                 |                                                  |
|-------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Compressed Natural Gas | <input type="checkbox"/> Hydrogen Fuel Cell      |
| <input type="checkbox"/> Liquefied Natural Gas  | <input type="checkbox"/> Liquefied Petroleum Gas |

**General Information**

A credit is allowed for investments in qualified clean-burning motor vehicle fuel property.

- Use Part 1 to compute the credit for the purchase or conversion of a qualified motor vehicle. The credit from Part 1 is carried to Form 511-CR, line 3a.
- Use Part 2 to compute the credit for property directly related to the delivery of a qualified fuel into the fuel tank of a motor vehicle and the storage of such fuel or for a public access recharging system for vehicles propelled by electricity.
- Use Part 3 to compute the credit for a natural gas refueling station in a private residence.
- Use Part 4 to determine the total credit from Part 2 and Part 3 to carry to Form 511-CR, line 3b.

**Part 1 - Credit for Purchase or Conversion of a Qualified Motor Vehicle**

A credit for the purchase or conversion of qualified clean-burning motor vehicle fuel property is allowed. If the credit is being claimed for more than one vehicle, complete a separate Form 567-A for each vehicle. Combine the amounts from Part 1 of all Forms 567-A and enter the total on Form 511-CR, line 3a. The maximum amount of the credit is based upon the gross vehicle weight of the qualified vehicle:

- For vehicles less than or equal to 6,000 pounds, the credit is \$5,500;
- For vehicles 6,001 to 10,000 pounds, the credit is \$9,000;
- For vehicles 10,001 to 26,500 pounds, the credit is \$26,000; and
- For vehicles equal to or greater than 26,501 pounds, the credit is \$100,000.

Make: \_\_\_\_\_ Model: \_\_\_\_\_

Vehicle Identification Number (VIN): \_\_\_\_\_

Tag Number: \_\_\_\_\_ Date the vehicle was placed in service: \_\_\_\_\_

Complete **Section A** to claim the credit for conversion of a qualified motor vehicle **OR** complete **Section B** to claim the credit for a qualified motor vehicle originally equipped with clean-burning fuel property and you elect to determine the exact portion of the basis that is attributable to such property **OR** complete **Section C** to claim the credit for a qualified motor vehicle originally equipped with clean-burning fuel property and you are unable or elect not to determine the exact basis that is attributable to such property.

(Part 1 continued on page 2)



## Part 1 - Credit for Purchase or Conversion of a Qualified Motor Vehicle (continued)

**Section A - Equipment installed to modify a motor vehicle.** Complete **Section A** if you are claiming a credit for equipment installed to modify a motor vehicle that is propelled by gasoline or diesel fuel so the vehicle may be propelled by compressed natural gas, a hydrogen fuel cell, liquefied natural gas or liquefied petroleum gas. The equipment must be new, not previously used to modify or retrofit any vehicle propelled by gasoline or diesel fuel, and be installed by an alternative fuels equipment technician who is certified in accordance with the Alternative Fuels Technician Certification Act. The equipment must either meet all Federal Motor Vehicle Safety Standards set forth in 49 CFR 571, or for any commercial motor vehicle (CMV), follow the Federal Motor Carrier Safety Regulations or Oklahoma Intrastate Motor Carrier Regulations.

**Provide documentation to substantiate the cost entered on line 1. Submit any itemized receipts or invoices with corresponding costs of the parts, vehicles, or equipment purchased to substantiate the credits claimed**

1. Enter the cost of the equipment installed ..... \$
2. Enter the maximum amount of credit based on the gross weight of the vehicle ..... \$
3. Enter the lesser of line 1 or line 2. Enter the total on Form 511-CR, line 3a ..... \$

**OR**

**Section B - Motor vehicle originally equipped with clean-burning fuel property.** Complete **Section B** if you are claiming a credit for a motor vehicle originally equipped so the vehicle may be propelled by compressed natural gas, a hydrogen fuel cell, liquefied natural gas or liquefied petroleum gas, but only to the extent of the portion of the basis of such motor vehicle that is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel **and you elect to determine the exact portion of the basis that is attributable to such property.**

**Provide documentation to substantiate the amount entered on line 1.**

1. Enter your basis in the motor vehicle ..... \$
2. Enter the percentage of the motor vehicle basis attributable to clean-burning motor fuel storage, delivery of such fuel to the engine, and exhaust of gases from combustion of such fuel ..... %
3. Multiply line 1 by line 2 ..... \$
4. Enter the maximum amount of credit based on the gross weight of the vehicle ..... \$
5. Enter the lesser of line 3 or line 4. Enter the total on Form 511-CR, line 3a ..... \$

**OR**

**Section C - Motor vehicle originally equipped with clean-burning fuel property.** Complete **Section C** if you are claiming a credit for a motor vehicle originally equipped so the vehicle may be propelled by compressed natural gas, a hydrogen fuel cell, liquefied natural gas or liquefied petroleum gas, but only to the extent of the portion of the basis of such motor vehicle that is attributable to the storage of such fuel, the delivery to the engine of such motor vehicle of such fuel, and the exhaust of gases from combustion of such fuel **and you are unable or elect not to determine the exact portion of the basis that is attributable to such property.**

**Provide documentation to substantiate the cost entered on line 1.**

1. Enter the cost of the motor vehicle ..... \$
2. Rate ..... 10%
3. Multiply line 1 by line 2 ..... \$
4. Limitation ..... \$ 1,500
5. Enter the lesser of line 3 or line 4. Enter the total on Form 511-CR, line 3a ..... \$

(Part 1 continued on page 3)



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                  |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------|----|-------------------------------------|-----|--------------------------------------------------------------------------------------------|----|---------------------|----------|-----------------------------------------------------------------------------------|----|
| Name as Shown on Return                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Social Security Number or Federal Employer Identification Number |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <b>Part 2 - Credit for Property Directly Related to the Delivery of a Qualified Fuel into the Fuel Tank of a Motor Vehicle and the Storage of such Fuel or for a Public Access Recharging System for Vehicles Propelled by Electricity</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                  |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <p>A per-location credit of 45% of the cost of the qualified clean-burning motor vehicle fuel property is allowed. For purposes of this credit "qualified clean-burning motor vehicle fuel property" means property, not including a building and its structural components, that is:</p> <ul style="list-style-type: none"><li>• Directly related to the delivery of compressed natural gas, liquefied natural gas, liquefied petroleum gas or hydrogen, for commercial purposes or for a fee or charge, into the fuel tank of a motor vehicle propelled by such fuel including compression equipment and storage tanks for such fuel at the point where such fuel is so delivered but only if such property is not used to deliver such fuel into any other type of storage tank or receptacle and such fuel is not used for any purpose other than to propel a motor vehicle; or</li><li>• A metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity.</li></ul> <p>The property must be new and must not have been previously installed or used to refuel vehicles powered by compressed natural gas, liquefied natural gas or liquefied petroleum gas, hydrogen or electricity.</p> <p><b>Provide documentation to substantiate the cost entered on line 1.</b></p> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 70%;">1. Enter the cost of the qualified clean-burning motor vehicle fuel property .....</td><td style="width: 30%; border: 1px solid black; text-align: right;">\$</td></tr><tr><td>2. Rate .....</td><td style="border: 1px solid black; text-align: right;">45%</td></tr><tr><td>3. Multiply line 1 by line 2 (Enter the total on Part 4, line 1) .....</td><td style="border: 1px solid black; text-align: right;">\$</td></tr></table> |                                                                  | 1. Enter the cost of the qualified clean-burning motor vehicle fuel property ..... | \$ | 2. Rate .....                       | 45% | 3. Multiply line 1 by line 2 (Enter the total on Part 4, line 1) .....                     | \$ |                     |          |                                                                                   |    |
| 1. Enter the cost of the qualified clean-burning motor vehicle fuel property .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 2. Rate .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 45%                                                              |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 3. Multiply line 1 by line 2 (Enter the total on Part 4, line 1) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <b>Part 3 - Credit for a Natural Gas Refueling Station in a Private Residence</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                  |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <p>A per-location credit equal to the lesser of \$2,500 or 50% of the cost of property which is directly related to the compression and delivery of natural gas from a private home or residence, for noncommercial purposes, into the fuel tank of a motor vehicle propelled by compressed natural gas is allowed. The property must be new and must not have been previously installed or used to refuel vehicles powered by natural gas.</p> <p>If the credit is being claimed for more than one location, complete a separate Form 567-A for each location. But fill in the "Part 4" on only one Form 567-A. The figures in Part 4 should be the combined totals for all credits reported on your Forms 567-A.</p> <p><b>Provide documentation to substantiate the cost entered on line 1.</b></p> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 70%;">1. Enter the cost of the qualified clean-burning motor vehicle fuel property .....</td><td style="width: 30%; border: 1px solid black; text-align: right;">\$</td></tr><tr><td>2. Rate .....</td><td style="border: 1px solid black; text-align: right;">50%</td></tr><tr><td>3. Multiply line 1 by line 2 .....</td><td style="border: 1px solid black; text-align: right;">\$</td></tr><tr><td>4. Limitation .....</td><td style="border: 1px solid black; text-align: right;">\$ 2,500</td></tr><tr><td>5. Enter the lesser of line 3 or line 4 (Enter the total on Part 4, line 2) .....</td><td style="border: 1px solid black; text-align: right;">\$</td></tr></table>                                                                                                                                                                                                                                                                                   |                                                                  | 1. Enter the cost of the qualified clean-burning motor vehicle fuel property ..... | \$ | 2. Rate .....                       | 50% | 3. Multiply line 1 by line 2 .....                                                         | \$ | 4. Limitation ..... | \$ 2,500 | 5. Enter the lesser of line 3 or line 4 (Enter the total on Part 4, line 2) ..... | \$ |
| 1. Enter the cost of the qualified clean-burning motor vehicle fuel property .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 2. Rate .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 50%                                                              |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 3. Multiply line 1 by line 2 .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 4. Limitation .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ 2,500                                                         |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 5. Enter the lesser of line 3 or line 4 (Enter the total on Part 4, line 2) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <b>Part 4 - Total Credit Available from Part 2 and Part 3</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                  |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| <p>If you completed multiple Forms 567-A, enter the total from all such forms on the applicable line.</p> <table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 70%;">1. Credit from Part 2, line 3 .....</td><td style="width: 30%; border: 1px solid black; text-align: right;">\$</td></tr><tr><td>2. Credit from Part 3, line 5 .....</td><td style="border: 1px solid black; text-align: right;">\$</td></tr><tr><td>3. <b>Total - Credit for Investment in Clean-Burning Motor Vehicle Fuel Property</b> .....</td><td style="border: 1px solid black; text-align: right;">\$</td></tr></table> <p>(Add lines 1 and 2; enter here and on Form 511-CR, line 3b)<br/>Any credit allowed but not used will have a five-year carryover provision.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  | 1. Credit from Part 2, line 3 .....                                                | \$ | 2. Credit from Part 3, line 5 ..... | \$  | 3. <b>Total - Credit for Investment in Clean-Burning Motor Vehicle Fuel Property</b> ..... | \$ |                     |          |                                                                                   |    |
| 1. Credit from Part 2, line 3 .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 2. Credit from Part 3, line 5 .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |
| 3. <b>Total - Credit for Investment in Clean-Burning Motor Vehicle Fuel Property</b> .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$                                                               |                                                                                    |    |                                     |     |                                                                                            |    |                     |          |                                                                                   |    |



## Appendix C: IMPLAN Economic Impact Methodology

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (Impact Analysis for PLANning), a proprietary model; PFM has obtained a license for use of the IMPLAN model for these evaluations.

*IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.*

### Multipliers

*SAMs can be constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region-specific SAMs, they will reflect the region's unique structure and trade situation.*

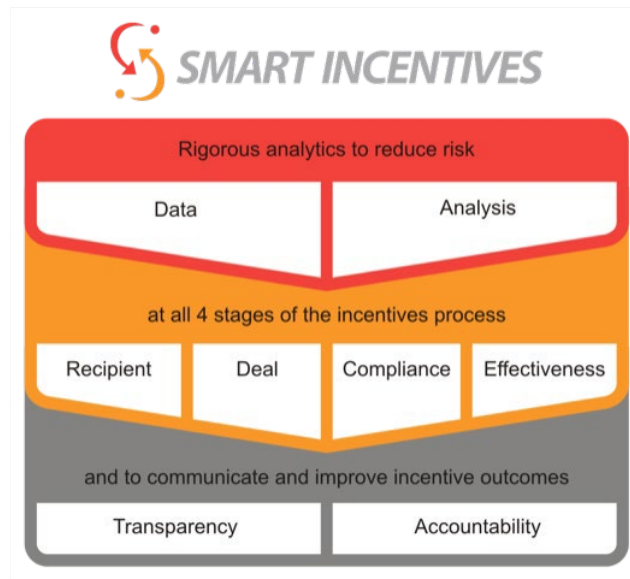
*Multiplier Models are the framework for building impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects which are displayed in the final report. These are the direct, indirect, and induced changes within the economy. Direct effects are determined by the Event as defined by the user (i.e. a \$10 million order is a \$10 million direct effect). The indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor, and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area. Eventually, these leakages will stop the cycle.*



## Appendix D: Business Incentives Best Practices

There has been extensive writing around what constitute business incentives best practices. From the project team's review of many sources,<sup>29</sup> it has identified 10 important best practices and sought to incorporate them into the analysis and discussion of this incentive.

As a starting point, business incentives should be viewed as a process, not an event. The award of an incentive and the incentive features are part of that process, and many of the identified best practices reflect that. The process itself should take into consideration each of these factors, which PFM's subcontractor, Smart Incentives, demonstrates in the following illustration:



While the project team believes this is a strong set of best practices, there may well be others that are as (or more applicable) in specific situations. It is also likely that some of the best practices will come into conflict in some situations. For example, application and reporting requirements may reduce the simplicity of business compliance. As a result, these will always be subject to analysis on a case-by-case basis.

The 10 best practices are:

1. **For maximum impact, incentives should be targeted.** Examples of useful targeting include companies or industries that export their goods or services out-of-state; high economic impact companies or industries – such as those with higher wages and benefits, significant job creation, or significant capital investment.
2. **Incentives should be discretionary.** In most instances, an application process enables the state government to require company disclosure of information related to eligibility criteria and enables the state to reject applications that do not meet its standards.

<sup>29</sup> Three resources in particular were relied upon putting together the list of best practices. They are "What Factors Influence the Effectiveness of Business Incentives?" The Pew Charitable Trusts, April 4, 2019, accessed electronically at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/04/what-factors-influence-the-effectiveness-of-business-incentives>; "Improving Economic Development Incentives," Timothy J. Bartik, W.E. Upjohn Institute for Employment Research, 2018, accessed electronically at [https://research.upjohn.org/cgi/viewcontent.cgi?article=1000&context=up\\_policybriefs](https://research.upjohn.org/cgi/viewcontent.cgi?article=1000&context=up_policybriefs); "Best Practices for the Design and Evaluation of State Tax Incentives Programs for Economic Development," Matthew N. Murray and Donald J. Bruce, January 2017, included within another evaluation at [https://media.al.com/news\\_mobile\\_impact/other/AL%20ENTERTAIN%20NEWMKTS%203%209%2017.pdf](https://media.al.com/news_mobile_impact/other/AL%20ENTERTAIN%20NEWMKTS%203%209%2017.pdf)



3. **Incentives should leverage significant private capital.** Ideally, the incentive should leverage private investment that is at least several multiples of the state investment.
4. **Incentives should provide most of the benefit within 1-3 years and have a limited duration.** Company discount rates are much higher than for the state, and businesses will significantly devalue incentive payments in later years.
5. **Incentives should take into consideration state and/or local as well as industry economic conditions.** Incentives that are provided in high performing areas or for stable and profitable businesses or industries will likely fail the 'but for test' – meaning the activity would likely occur without the state incentive.
6. **'Smart' incentives help businesses overcome practical barriers to growth.** In particular, customized assistance for locally owned, small and medium-sized businesses can have significant impact.
7. **Incentives should be transparent.** The incentive purpose should be clearly articulated, as are eligibility requirements, and regular, detailed reporting should be required from all program recipients.
8. **Incentives should require accountability.** When upfront financial incentives are offered in return for job creation, retention, or capital investment, there should be contract language in place that allows the state to 'claw back' state resources should the company not meet performance requirements.
9. **Incentives should have caps.** To ensure the state's financial health, program dollar caps or limits should be in place. Incentive programs should also have a limited duration, with sunsets in place to require regular review of incentive performance.
10. **Incentives should be simple and understandable.** The state should be able to easily and effectively administer the incentive, and users should be able to readily comply with its requirements.



## Appendix E: Summary of Comparable State Programs

| State             | Program Name                                                      | Incentive Type | Investment Category | Eligible Recipients                                                  | Eligible Fuels/Vehicles                                                      | Key Parameters                                                                 |
|-------------------|-------------------------------------------------------------------|----------------|---------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <b>Alabama</b>    | EV Charger and MHD Diesel Vehicle Replacement Rebates             | Grant          | Both                | Public and private fleets                                            | Diesel replacement; EVs                                                      | Funding amounts vary by vehicle type, fuel type, and applicant type            |
| <b>Arizona</b>    | AFV Use Tax Exemption                                             | Tax Exemption  | Vehicle             | All                                                                  | Propane, natural gas, electricity, hydrogen                                  | Applies to fuel, converted vehicles, and conversion equipment                  |
| <b>Arizona</b>    | AFV Parking Incentive                                             | Non-monetary   | Vehicle             | Individuals                                                          | Propane, natural gas, electricity, hydrogen                                  | HOV/carpool lane access for dedicated AFVs                                     |
| <b>Arizona</b>    | Reduced AFV License Tax                                           | Tax Reduction  | Vehicle             | All                                                                  | Alternative fuels                                                            | \$4 per \$100 assessed value; minimum \$5; assessed value reduced 15% annually |
| <b>Arkansas</b>   | MHD Grant Programs                                                | Grant          | Vehicle             | Public and private fleets                                            | Diesel emission reduction                                                    | EPA DERA funding; covers retrofits, replacements, idle reduction               |
| <b>California</b> | Advanced Transportation Tax Exclusion                             | Tax Exclusion  | Vehicle             | Manufacturers                                                        | Advanced transportation products                                             | Available through January 1, 2028                                              |
| <b>California</b> | Alternative Fuel and Advanced Vehicle Rebate (San Joaquin Valley) | Rebate         | Vehicle             | Residents and businesses in SJVAPCD                                  | Natural gas, hydrogen, electric, plug-in electric, zero emission motorcycles | Up to \$3,000; first-come, first-served                                        |
| <b>California</b> | AFV Incentives (San Joaquin Valley)                               | Grant          | Vehicle             | Cities, counties, special districts, public educational institutions | Electric, hybrid, natural gas, propane                                       | Up to \$20,000/vehicle; \$100,000/agency/year                                  |



|                   |                                                                 |                      |         |                                                                |                                                          |                                                                                                                   |
|-------------------|-----------------------------------------------------------------|----------------------|---------|----------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>California</b> | Employer Invested Emissions Reduction Funding (South Coast)     | Fund Investment      | Vehicle | Employers within SCAQMD jurisdiction                           | Alternative fuel vehicles                                | Annual investment to meet emissions reduction targets                                                             |
| <b>California</b> | Heavy-Duty Truck Emission Reduction Grants (San Joaquin Valley) | Grant                | Vehicle | Fleets                                                         | Zero emission, alternative fuel, low-NOx                 | Class 4-8 trucks; engine must be 6+ model years old                                                               |
| <b>California</b> | Low-Income EV and EV Charger Rebates (El Dorado County)         | Rebate               | Both    | Lower-income residents                                         | EV, hydrogen FCEV, plug-in EV, zero emission motorcycles | Up to \$10,000 with scrappage; up to \$7,500 without; additional \$2,000 for home charger or public charging card |
| <b>Colorado</b>   | AFV Weight Exemption                                            | Regulatory Exemption | Vehicle | All                                                            | CNG, propane, ethanol/E85, electricity                   | 2,000 lb. GVWR allowance above comparable conventional vehicle; non-interstate highways only                      |
| <b>Colorado</b>   | EV and FCEV Tax Credit                                          | Tax Credit           | Vehicle | Individuals                                                    | Electric, hydrogen fuel cell                             | Light-duty: \$3,500 (2025), \$750 (2026); expires January 1, 2029                                                 |
| <b>Colorado</b>   | Fleet AFV and Technology Grants                                 | Grant                | Vehicle | Business and government fleets                                 | Electricity, hydrogen, CNG                               | Light-, medium-, and heavy-duty; amounts vary by technology and GVWR                                              |
| <b>Colorado</b>   | EV and Infrastructure Coaching Service                          | Technical Assistance | Both    | Consumers, local governments, workplaces, multi-family housing | Electric                                                 | Identifies savings, grants, and EV benefits; no direct financial incentive                                        |
| <b>Colorado</b>   | Heavy-Duty Vehicle Hydrogen Use Tax Credit                      | Tax Credit           | Vehicle | Taxpayers                                                      | Hydrogen                                                 | Up to \$1/kg; requires CEO tax credit certificate                                                                 |



|                             |                                                  |                      |                |                                       |                                                                                  |                                                                                                           |
|-----------------------------|--------------------------------------------------|----------------------|----------------|---------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Colorado</b>             | Low Emission Vehicle Sales Tax Exemption         | Tax Exemption        | Vehicle        | All                                   | Low emission vehicles                                                            | GVWR over 26,000 lbs.; or GVWR over 10,000 lbs. meeting defined category standards                        |
| <b>Connecticut</b>          | Diesel Emissions Reduction Grants                | Grant                | Vehicle        | Government agencies, businesses       | Diesel reduction/alternative fuel conversion                                     | EPA DERA funding; priority for environmental justice communities                                          |
| <b>Delaware</b>             | Alternative Fuel Tax Exemption                   | Tax Exemption        | Vehicle        | Federal and state government agencies | Alternative fuels                                                                | Applies to official government vehicles only                                                              |
| <b>District of Columbia</b> | AFV Conversion and Infrastructure Tax Credit     | Tax Credit           | Both           | Businesses and individuals            | Alternative fuels, electricity                                                   | 50% of conversion costs up to \$19,000/vehicle (individuals/corporations); \$1,000/residential EV charger |
| <b>District of Columbia</b> | AFV Exemption from Driving Restrictions          | Regulatory Exemption | Vehicle        | Fleets of 10+ vehicles                | Clean fuels                                                                      | Exempt from time-of-day/day-of-week restrictions; no unrestricted HOV access                              |
| <b>Georgia</b>              | AFV and Advanced Vehicle Job Creation Tax Credit | Tax Credit           | Vehicle        | Manufacturers                         | Battery, biofuel, EV products                                                    | 5-year annual credit; amount based on new jobs and county unemployment/income tier                        |
| <b>Georgia</b>              | Alternative Fuel Excise Tax Exemption            | Tax Exemption        | Vehicle        | Licensed distributors; nonprofits     | Propane; electricity (nonprofit chargers on federal interstates, beginning 2027) | Bulk propane sales exempt from motor fuel excise tax                                                      |
| <b>Georgia</b>              | AFV Conversion Tax Credit                        | Tax Credit           | Vehicle        | Businesses                            | Natural gas, electricity, propane, hydrogen                                      | 10% of conversion cost; up to \$2,500/vehicle; 3-year carryforward                                        |
| <b>Georgia</b>              | EV Charging Station Tax Credit                   | Tax Credit           | Infrastructure | Businesses                            | Electric                                                                         | 10% of cost; up to \$2,500; 3-year carryforward                                                           |



|                 |                                                                |                      |                |                                                |                                                        |                                                                                              |
|-----------------|----------------------------------------------------------------|----------------------|----------------|------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Hawaii</b>   | EV Charging Station Rebates                                    | Rebate               | Infrastructure | All                                            | Electric                                               | Level 2 (1 port): up to \$2,000 new/\$1,300 replacement;<br>Level 2 (2 ports): up to \$4,500 |
| <b>Idaho</b>    | Alternative Fuels Tax Exemption and Refund (Government Fleets) | Tax Exemption/Refund | Vehicle        | State and federal government                   | Natural gas, propane, hydrogen, diesel alternatives    | Excludes fuel used while idling                                                              |
| <b>Idaho</b>    | MHD Diesel Vehicle Replacement Rebates                         | Rebate               | Vehicle        | Public and private fleets                      | Diesel replacement; alternative fuels                  | Funded by VW Environmental Mitigation Trust                                                  |
| <b>Illinois</b> | Diesel Emission Reduction Grants                               | Grant                | Vehicle        | Public and private fleets                      | Diesel reduction                                       | VW Trust, EPA DERA, and CMAQ funding                                                         |
| <b>Illinois</b> | School Bus Retrofit Reimbursement                              | Reimbursement        | Vehicle        | School districts                               | Alternative fuels; fuel-efficient engines              | Reimbursement for conversion of gasoline buses                                               |
| <b>Indiana</b>  | AFV Inspection and Maintenance Exemption                       | Regulatory Exemption | Vehicle        | All                                            | Natural gas, propane, ethanol, hydrogen, methanol      | Dedicated AFVs only                                                                          |
| <b>Indiana</b>  | Diesel Vehicle Retrofit and Improvement Grants                 | Grant                | Vehicle        | Public and private entities                    | Diesel reduction                                       | \$50,000-\$250,000 per project                                                               |
| <b>Indiana</b>  | Vehicle Research and Development Grants                        | Grant                | Vehicle        | Businesses                                     | Alternative fuel technologies; fuel-efficient vehicles | High-tech industry cluster focus                                                             |
| <b>Iowa</b>     | AFV Grants                                                     | Grant                | Vehicle        | Businesses, colleges, nonprofits               | Alternative fuels                                      | Iowa Energy Center program; expires July 31, 2029                                            |
| <b>Iowa</b>     | Diesel Emission Reduction Project Funding                      | Grant                | Vehicle        | Government, nonprofit, private fleet operators | Diesel reduction; alternative fuels                    | MHD on-road and off-road vehicles and equipment                                              |



|                      |                                                     |                           |                |                                            |                                          |                                                                                                      |
|----------------------|-----------------------------------------------------|---------------------------|----------------|--------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Kansas</b>        | Alternative Fueling Infrastructure Tax Credit       | Tax Credit                | Infrastructure | Corporations                               | Biomass-derived combustible liquids      | 40% of installation cost; up to \$100,000/station                                                    |
| <b>Kansas</b>        | AFV Tax Credit                                      | Tax Credit                | Vehicle        | Corporations                               | Alternative fuels                        | 40% of incremental/conversion cost; up to \$2,400 (under 10,000 lbs.) to \$40,000 (over 26,000 lbs.) |
| <b>Kentucky</b>      | Alternative Fuel Production Tax Incentives          | Tax Credit/Wage Incentive | Vehicle        | Alternative fuel producers                 | Coal, waste coal, biomass-derived fuels  | Kentucky Business Investment Program; income tax credits and wage assessment incentives              |
| <b>Maryland</b>      | Local Government Energy Modernization Program       | Grant                     | Both           | Local governments                          | Electric, alternative fuels              | MSEC program; grant amounts vary by project type                                                     |
| <b>Massachusetts</b> | Diesel Emissions Reduction Grants                   | Grant                     | Vehicle        | State/local agencies; public colleges      | Diesel reduction                         | EPA DERA funding; priority for environmental justice communities                                     |
| <b>Michigan</b>      | Alternative Fuel Development Property Tax Exemption | Tax Exemption             | Vehicle        | Industrial facilities                      | Biodiesel; advanced vehicle technologies | Requires exemption certificate from Michigan State Tax Commission                                    |
| <b>Minnesota</b>     | Alternative Fuel Retail Delivery Fee Exemption      | Fee Exemption             | Vehicle        | Political subdivisions, trades, businesses | LNG, LPG                                 | Retail delivery fee waived                                                                           |
| <b>Mississippi</b>   | EV Battery Manufacturing Grant Authorization        | Grant                     | Vehicle        | EV battery manufacturers                   | Electric                                 | Fund managed by Mississippi Development Authority; annual reporting required                         |



|                      |                                               |                      |         |                                                      |                                               |                                                                                                                         |
|----------------------|-----------------------------------------------|----------------------|---------|------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>Missouri</b>      | AFV Emissions Inspection Exemption            | Regulatory Exemption | Vehicle | All                                                  | Alternative fuels, electricity                | Exempt from state emissions inspection                                                                                  |
| <b>Montana</b>       | Heavy-Duty Vehicle Replacement Grants         | Grant                | Vehicle | Transit operators, school districts, airports        | Electric, diesel hybrid, CNG, propane         | MHD transit buses and school buses; VW Trust funded                                                                     |
| <b>Nebraska</b>      | Alternative Fuel Tax Refund                   | Tax Refund           | Vehicle | Municipal bus operators                              | CNG, LNG, propane                             | Buses carrying 7+ passengers within/near a municipality                                                                 |
| <b>Nevada</b>        | AFV and HEV Emissions Inspection Exemption    | Regulatory Exemption | Vehicle | All                                                  | Alternative fuels; hybrid electric            | HEVs exempt for first 5 model years only                                                                                |
| <b>Nevada</b>        | Heavy-Duty Vehicle Emissions Reduction Grants | Grant                | Vehicle | Public and private fleets                            | Diesel replacement                            | MY2009 or older MHD diesel vehicles; VW Trust funded                                                                    |
| <b>New Hampshire</b> | Diesel Emissions Reduction Grants             | Grant                | Vehicle | Businesses, schools, municipalities, transit, marine | Diesel reduction                              | Up to 100% of eligible project costs; EPA DERA funded                                                                   |
| <b>New Jersey</b>    | EV and EV Charger Rebate                      | Rebate               | Both    | NJ residents                                         | Electric (no PHEVs for vehicle rebate)        | \$1,500 vehicle rebate (up to \$55,000 MSRP); additional \$2,500 for income-qualifying applicants; \$250 charger rebate |
| <b>New Mexico</b>    | Alternative Fuel Tax Exemption                | Tax Exemption        | Vehicle | Federal, state, tribal governments                   | Alternative fuels                             | Government use only                                                                                                     |
| <b>New Mexico</b>    | Diesel Emission Reduction Funding             | Grant                | Vehicle | Public and private fleets                            | Diesel reduction; hydrogen fuel cell priority | MHD on-road and off-road; EPA DERA funded                                                                               |



|                       |                                                                     |                      |                |                             |                                                         |                                                                                                                 |
|-----------------------|---------------------------------------------------------------------|----------------------|----------------|-----------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>New York</b>       | Vehicle Emissions Reduction and EV Charging Station Project Funding | Grant                | Both           | Fleet operators             | Diesel replacement; electric                            | MHD vehicles; VW Trust funded                                                                                   |
| <b>New York</b>       | ZEV Rebate and ZEV Fueling Infrastructure Grant (Municipalities)    | Rebate/Grant         | Both           | Municipalities              | Zero emission                                           | Up to \$7,500/vehicle; up to \$500,000 infrastructure; up to \$250,000 total vehicle rebates per municipality   |
| <b>New York</b>       | Alternative Fueling Infrastructure Tax Credit                       | Tax Credit           | Infrastructure | All                         | Natural gas, LPG, hydrogen, electricity, 85%+ ethanol   | 50% of infrastructure cost; up to \$5,000                                                                       |
| <b>New York</b>       | AFV Research and Development Funding                                | Grant                | Vehicle        | Research entities           | Advanced transportation technologies                    | NYSERDA annual solicitations                                                                                    |
| <b>North Carolina</b> | Alternative Fuel and AFV Fund                                       | Revolving Fund       | Both           | State agencies              | Biodiesel (B20+), ethanol (E85+), AFVs, hybrid electric | EPAct credit sales fund; offsets incremental costs                                                              |
| <b>North Carolina</b> | Alternative Fuel Tax Exemption                                      | Tax Exemption        | Vehicle        | All                         | Alternative fuels                                       | Retail sale, use, storage, and consumption exempt from state sales and use tax                                  |
| <b>North Dakota</b>   | MHD Vehicle Repower and Replacement Grants                          | Grant                | Vehicle        | Public and private fleets   | Electric, CNG, propane, hybrid electric                 | Up to 38% of non-government costs; up to 50% of government costs; VW Trust funded; no current funding available |
| <b>Ohio</b>           | AFV Emissions Inspection Exemption                                  | Regulatory Exemption | Vehicle        | All                         | Electricity, propane, natural gas                       | Exempt after one-time verification inspection                                                                   |
| <b>Oregon</b>         | Clean School Bus Grants                                             | Grant                | Vehicle        | School bus owners/operators | Diesel replacement                                      | 450+ diesel school buses; minimum 3 years remaining useful life; VW Trust funded                                |



|                       |                                               |               |                |                                                                            |                                                              |                                                                                                       |
|-----------------------|-----------------------------------------------|---------------|----------------|----------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| <b>Pennsylvania</b>   | Alternative Fuel Tax Exemption for EVs        | Tax Exemption | Vehicle        | EV owners                                                                  | Electric                                                     | Applies to vehicles subject to annual EV registration fee                                             |
| <b>Pennsylvania</b>   | AFV Rebate                                    | Rebate        | Vehicle        | Income-qualifying PA residents                                             | Electric, plug-in hybrid, CNG, electric motorcycles, propane | Purchase price cap: \$45,000; income eligibility required                                             |
| <b>Pennsylvania</b>   | Diesel Emission Reduction Grants              | Grant         | Vehicle        | Public and private fleets                                                  | Diesel reduction                                             | VW Trust and EPA DERA funded                                                                          |
| <b>Pennsylvania</b>   | Heavy-Duty Emission Reduction Grants          | Grant         | Vehicle        | Ferry, tugboat, locomotive operators                                       | Diesel replacement; alternative fuels; electric              | Repower or replacement of marine and rail equipment                                                   |
| <b>Pennsylvania</b>   | Hydrogen and Natural Gas Tax Credit           | Tax Credit    | Vehicle        | Businesses                                                                 | Hydrogen, natural gas                                        | \$0.81/kg hydrogen; \$0.47/thousand cubic feet natural gas; Regional Clean Hydrogen Hub requirement   |
| <b>Pennsylvania</b>   | Alternative Fuels Incentive Grant Program     | Grant         | Both           | School districts, municipalities, nonprofits, corporations                 | Advanced fuels and vehicle technologies                      | Favors projects resulting in commercialization and Pennsylvania company expansion                     |
| <b>Rhode Island</b>   | ZEV and PHEV Rebates                          | Rebate        | Vehicle        | RI residents                                                               | Electric, hydrogen FCEV, plug-in hybrid                      | ZEV: \$1,500 new/\$1,000 used; PHEV: \$1,000 new/\$750 used; purchase price cap applies               |
| <b>South Carolina</b> | Alternative Fueling Infrastructure Tax Credit | Tax Credit    | Infrastructure | All                                                                        | Natural gas, propane                                         | 25% of purchase, construction, and installation costs; 3-year equal installment; 10-year carryforward |
| <b>South Carolina</b> | Alternative Fuel Project Grants               | Grant         | Both           | State agencies, local governments, public schools and colleges, nonprofits | Alternative fuels                                            | Up to \$50,000; demonstration projects                                                                |



|                       |                                                  |                      |         |                                                          |                                                          |                                                                                              |
|-----------------------|--------------------------------------------------|----------------------|---------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>South Carolina</b> | Diesel Emissions Reduction Grants                | Grant                | Vehicle | Universities, businesses, local government               | Diesel reduction                                         | EPA DERA funded                                                                              |
| <b>South Dakota</b>   | Diesel Emission Reduction Grants                 | Grant                | Vehicle | Bus fleet operators                                      | Diesel reduction                                         | VW Trust and EPA DERA funded                                                                 |
| <b>Texas</b>          | Clean Vehicle and Infrastructure Grants          | Grant                | Both    | Public and private entities                              | Alternative fuels; zero emission; hybrid                 | ERIG program; nonattainment areas; covers replacement, retrofit, repower, and infrastructure |
| <b>Texas</b>          | Clean Fleet Grants                               | Grant                | Vehicle | Fleets of 75+ vehicles                                   | AFV, hybrid electric                                     | 25%+ mileage in Clean Transportation Zone; 25%+ NOx reduction required                       |
| <b>Texas</b>          | Governmental Fleet Grants                        | Grant                | Vehicle | Government entities, special districts with 15+ vehicles | Natural gas, propane, hydrogen, electricity              | GAFF program                                                                                 |
| <b>Texas</b>          | Light-Duty AFV Rebates                           | Rebate               | Vehicle | All                                                      | CNG, propane, hydrogen, electricity                      | CNG/propane: up to \$5,000; electric drive (4+ kWh battery): varying amounts                 |
| <b>Texas</b>          | Natural Gas Vehicle Grant                        | Grant                | Vehicle | Public and private fleets                                | Natural gas, propane                                     | GVWR over 8,500 lbs.; 60%+ natural gas or propane; 75%+ activity in eligible counties        |
| <b>Texas</b>          | Seaport and Rail Yard Emissions Reduction Grants | Grant                | Vehicle | Port and rail operators                                  | Alternative fuels; electric                              | GVWR over 26,000 lbs.; off-road yard trucks; cargo handling equipment                        |
| <b>Utah</b>           | Alternative Fuel Vehicle Conversion Grants       | Grant                | Vehicle | Businesses and government entities                       | Alternative fuels                                        | 50% of conversion cost; up to \$2,500; savings must be passed to vehicle purchaser           |
| <b>Utah</b>           | AFV Decal and HOV Lane Exemption                 | Regulatory Exemption | Vehicle | All                                                      | Propane, natural gas, electric, plug-in hybrid, hydrogen | Special UDOT decal required; expired September 30, 2025                                      |



|                   |                                                      |                      |         |                                                |                                                                                      |                                                                                                                   |
|-------------------|------------------------------------------------------|----------------------|---------|------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>Utah</b>       | Propane and Electricity Tax Exemptions               | Tax Exemption        | Vehicle | All                                            | Propane, electricity                                                                 | Exempt from state motor fuel taxes                                                                                |
| <b>Utah</b>       | Qualified Heavy-Duty AFV Tax Credit                  | Tax Credit           | Vehicle | All                                            | Natural gas, electricity, hydrogen                                                   | Declining credit: \$10,500 (2024) to \$1,500 (2030); 50%+ of miles in-state                                       |
| <b>Vermont</b>    | Heavy-Duty Vehicle Emissions Reduction Grants        | Grant                | Vehicle | Public and private entities                    | Diesel reduction                                                                     | Class 5-8 trucks and buses; covers emission controls, idle reduction, aerodynamic technologies                    |
| <b>Virginia</b>   | AFV and HEV Emissions Testing Exemption              | Regulatory Exemption | Vehicle | All                                            | Natural gas, propane, hydrogen, CNG/hydrogen blend, electricity; HEVs (50+ mpg city) | HEVs subject to remote sensing override                                                                           |
| <b>Virginia</b>   | Alternative Fuel Tax Exemption                       | Tax Exemption        | Vehicle | Government; nonprofits; agricultural producers | Alternative fuels                                                                    | Narrow eligibility; government, low-income medical services, and farm use only                                    |
| <b>Virginia</b>   | Government AFV Incentive                             | Grant                | Vehicle | State agencies and local governments           | Alternative fuels                                                                    | Up to \$10,000/vehicle; nonattainment areas only; Buy America compliance required                                 |
| <b>Washington</b> | Commercial AFV and Fueling Infrastructure Tax Credit | Tax Credit           | Both    | Businesses                                     | Natural gas, propane, hydrogen, dimethyl ether, electricity                          | Infrastructure: up to 50% of cost; new vehicles: up to 75% of incremental cost; varies by GVWR                    |
| <b>Washington</b> | AFV Retail Sales and Use Tax Exemption               | Tax Exemption        | Vehicle | All                                            | Natural gas, propane, hydrogen, electricity                                          | New vehicles: up to \$45,000; used vehicles: up to \$30,000/\$16,000 maximum exempt amount; expired July 31, 2025 |



|                      |                                                  |                          |                |                                               |                                                              |                                                                                                                   |
|----------------------|--------------------------------------------------|--------------------------|----------------|-----------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>Washington</b>    | Public Transportation Grant Funding              | Grant                    | Both           | Public transit agencies                       | Alternative fuels; electric                                  | Multiple WSDOT programs; includes vehicle acquisition and infrastructure                                          |
| <b>Washington</b>    | ZEV Sales Tax Exemption for Transit              | Tax Exemption            | Vehicle        | Transit agencies; federally recognized tribes | Zero emission                                                | Zero exhaust emission buses only; \$14M cumulative benefit cap                                                    |
| <b>Washington</b>    | Alternative Fueling Infrastructure Grant Program | Grant                    | Infrastructure | All                                           | Electric, hydrogen                                           | Level 2 and DC fast charging; highway corridors; covers siting, equipment, electrical upgrades, installation, O&M |
| <b>West Virginia</b> | Alternative Fuel School Bus Incentive            | Transportation Allowance | Vehicle        | County school systems                         | CNG, propane, electricity                                    | 10% allowance; additional 5% for in-state manufactured buses                                                      |
| <b>Wisconsin</b>     | Alternative Fuel Tax Exemption                   | Tax Exemption            | Vehicle        | Political subdivisions                        | Alternative fuels                                            | Local governments prohibited from levying excise tax on alternative fuels                                         |
| <b>Wisconsin</b>     | Alternative Fuel Tax Refund for Taxis            | Tax Refund               | Vehicle        | Taxi operators                                | CNG, LNG, LPG/propane                                        | Minimum 100 gallon claim; must file within 1 year of purchase                                                     |
| <b>Wisconsin</b>     | Heavy-Duty Transit Bus Grants                    | Grant                    | Vehicle        | Public transit agencies                       | Diesel replacement; alternative fuels                        | MY1992-2009 buses; VW Trust funded                                                                                |
| <b>Wisconsin</b>     | Vehicle Battery and Engine Research Tax Credits  | Tax Credit               | Vehicle        | Corporations engaged in qualified research    | Hybrid electric battery; internal combustion engine research | 11.5% of qualified Wisconsin research expenses                                                                    |
| <b>Wyoming</b>       | Alternative Fuel Export Tax Exemption            | Tax Exemption            | Vehicle        | Licensed alternative fuel exporters           | Alternative fuels                                            | Refund available if license tax already paid; must file within 1 year                                             |
| <b>Wyoming</b>       | MHD Vehicle Replacement Grant                    | Grant                    | Vehicle        | City and county governments                   | Diesel replacement; alternative fuels                        | Up to 40% of purchase price; VW Trust and DERA funded                                                             |



|                |                              |       |         |                  |                                       |                                                       |
|----------------|------------------------------|-------|---------|------------------|---------------------------------------|-------------------------------------------------------|
| <b>Wyoming</b> | School Bus Replacement Grant | Grant | Vehicle | School districts | Diesel replacement; alternative fuels | Up to 25% of purchase price; VW Trust and DERA funded |
|----------------|------------------------------|-------|---------|------------------|---------------------------------------|-------------------------------------------------------|

Source: Alternative Fuels Data Center