

**BILL SUMMARY**  
1<sup>st</sup> Session of the 52<sup>nd</sup> Legislature

<b>Bill No.:</b>	<b>HB 2247</b>
<b>Version:</b>	<b>Senate Amendment</b>
<b>Author:</b>	<b>Rep. Terrill &amp; Sen. Nichols</b>
<b>Date:</b>	<b>April 14, 2010</b>
<b>Impact:</b>	<b>Sales Tax Collections</b>
	<b>FY10: Decrease of \$64,000</b>
	<b>FY11: Decrease of \$64,000</b>

	<b>Income Tax Revenue Collections</b>
	<b>FY11: Decrease of \$203,750</b>
	<b>FY12: Decrease of \$407,500</b>
	<b>FY13: Decrease of \$611,251</b>
	<b>FY14: Full Negative Impact of \$815,000</b>

**Bill Summary**

Research Analyst:

**Fiscal Summary**

Fiscal Analyst: Diane Thomas

SA for HB 2247 creates an income tax credit for 40% of the costs of the installation costs of a qualified wind energy effective for tax year 2010 and subsequent years. The measure also includes a sales tax exemption for sales of qualified wind energy or solar equipment.

**Fiscal Analysis**

Income Tax Credit:

For both residential and non-residential wind systems, 40% of the expenditures will be allowed as an income tax credit. Also, not more than 25% of the credit earned may be claimed in any taxable year.

Eligible expenditures are the total cost of the wind energy equipment including equipment, construction and installation, less any seller rebates or remunerations.

Previous estimates of similar proposals were used to establish estimated expenditures for calendar 2007. Based on that information, it was estimated that wind expenditures would be \$525,000 in 2007.

In order to bring the data up to 2010 estimated expenditures, we used the 2007 expenditures as a baseline and grew those based on a growth rate on the forecast consumption of the various energy supply sources. Based on forecast consumption growth, we estimate that for 2010, expenditures for wind increases to \$2,038,484 resulting in total credits of \$815,000 for tax year 2010.

We expect no change in withholding or estimated tax, and the credits will be claimed on 2010 tax returns filed in 2011. As such there is no impact in FY09 or FY10. The impact in FY11 will be 25% of \$815,000 or \$203,750. For FY12, the impact is \$407,500. For FY13 the impact is estimated to be \$611,250 and the full impact of \$815,000 should occur in FY14.

Sales Tax Exemption:

The sales tax exemption is for the same property as the income tax credit. Previous information from Mike Bergey of Bergey Wind Power suggests that 70% of the wind energy expenditures would be exempt from sales tax under this type of proposal. It is estimated that the sales tax exemption will have a revenue impact of approximately \$64,000. This should occur in FY10 due to the effective date of this act.

**Long Term Fiscal Considerations**

As stated above.

Fiscal Analysis Reviewed By:

*Janice Buchanan*

House Fiscal Director