

**BILL SUMMARY**  
1<sup>st</sup> Session of the 55<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB1075</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>5060</b>
<b>Author:</b>	<b>Rep. Morrisette</b>
<b>Date:</b>	<b>2/18/2015</b>
<b>Impact:</b>	<b>1 FTE &amp; Travel Expenses for DEQ Currently working with Tax Commission for tax impact</b>

**Research Analysis**

HB 1075 replaces the Eastern Red Cedar Registry Board, housed in the Department of Agriculture, Food, and Forestry, with the Office of the Eastern Red Cedar Registry Coordinator under the Department of Environmental Quality. The measure sets the coordinator's salary, which will be funded all or in part by the Eastern Red Cedar Revolving Fund. The measure also creates the Oklahoma Resource Reclamation Act in Title 27A to manage natural resources, specifically when threatened by eastern red cedar infestations. Local government officials and the Tax Commission may work together to notify landowners of eastern red cedar infestations.

The measure allows an owner of qualifying eastern red cedar property to apply for reclassification of said property as timber waste or the lowest classification category allowed in the county. Upon removal of the timber waste, the owner may be eligible for a one-time in lieu tax treatment based on the number of acres cleared of the infestation beginning January 1, 2016. The owner would pay a rate of \$1.00 per acre in lieu of all ad valorem taxes that would have otherwise been imposed for a single tax year. Revenue derived from the in lieu tax would be apportioned at the same ratio as if the proceeds were generated from ad valorem tax. Furthermore, the measure caps the total number of acres of land approved for in lieu tax treatment at 300,000 per year, which will be monitored and verified by the Oklahoma Tax Commission.

The measure provides a tax credit for biomass fuel property expenditures and biomass heating property expenditures. A qualified fuel property expenditure would include property that uses the burning of biomass fuel to heat a home located in Oklahoma and has a thermal efficiency rating of at least 75 percent. A qualified heating property expenditure would include open-loop biomass heating property, including boilers or furnaces, that operate at a thermal output efficiency of at least 65 percent. The credit would be 30 percent of the cost of the qualified expenditure.

The measure creates the Woody Biomass Energy Initiative Council and directs the council to create an energy usage plan and investigate the feasibility of constructing and installing furnaces in public facilities and using woody biomass by blending it with other fuel.

The Office of Management and Enterprise Services Purchasing Division shall include relevant products made from trees harvested in Oklahoma and shall waive the first annual registration fee.

The measure modifies the membership of the Oklahoma Energy Initiative Board and directs the board to establish a working group to develop a woody biomass energy usage plan.

The measure repeals a section in Title 2 that required ODAFF to support the Eastern Red Cedar Registry Board. The measure transfers the Eastern Red Cedar Registry Board Act to Title 27A and renames the act the Eastern Red Cedar Registry Act.

Prepared By: Tricia Dameron/Quyen Do

### **Fiscal Analysis**

After analysis of HB 1075, it is determined to have a loss of an estimated \$50,000 to DEQ for the hiring of 1 FTE. Also, there will most likely be an increase to DEQ for traveling expenses related to their new duties as listed in the bill. There is also an unknown impact regarding the tax portion of the bill. The Tax Commission is in the process of evaluating the fiscal impact for this portion.

Prepared By: Kristina King

### **Other Considerations**

None.