

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: May 24, 2016

SUBJECT: Committee Substitute - HB 3215 (Req. No. 9995) - Credit for Electricity Generated by Zero-Emission Facilities

TO: Joe Gappa, Deputy Director

FROM: Michael C. Kaufmann, Tax Policy Analyst

The Committee Substitute for HB 3215 (Req. No. 9995) amends 68 O.S. § 2357.32A (Credit for Electricity Generated by Zero-Emission Facilities).

Under current law entities that generate and sell electricity from zero-emission facilities are allowed an income tax credit for the electricity generated and sold. The credit is fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated and sold by zero-emission facilities. This credit is available for the generation and sale of electricity for a period of ten (10) years from the date that the facility is placed in service. Credits earned prior to January 1, 2014, are transferable and any unused credit may be carried over for a period of ten (10) years. For credits earned on or after January 1, 2014, any credit earned but not used shall be refunded at an amount equal to eighty-five percent (85%) of the amount of the credit.

This measure proposes to not allow this credit for facilities that generate electricity from wind¹ if placed in service on or after January 1, 2018. Facilities placed in service prior to January 1, 2018, may claim the credit for the generation and sale of electricity for a period of ten (10) years from the date that the facility is placed in service. Under this proposal, the credit would expire in 2027. Current law does not allow this credit for **any** zero emission facilities placed in service on or after January 1, 2021.

There is no anticipated fiscal impact in FY17.

¹ Facilities that generate electricity from moving water, sun, or geothermal energy are not affected by this measure.