

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** February 4, 2016

**BILL NUMBER:** SB 1443 **STATUS AND DATE OF BILL:** Introduced 1/21/16

**AUTHORS:** House n/a Senate Standridge

**TAX TYPE (S):** Income Tax **SUBJECT:** Credit

**PROPOSAL:** Amendatory

SB 1443 proposes to amend 68 O.S. § 2357.32A which relates to the Credit for Electricity Generated by Zero-Emission Facilities to not allow this credit for wind generation occurring on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to 62 O.S. § 7004.

**EFFECTIVE DATE:** November 1, 2016

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 17: -0-

FY 18: -0-

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

Feb. 5, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

2-6-16  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2/6/16  
DATE

Don Cas  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT – SB 1443 [Introduced] Prepared February 4, 2016

SB 1443 proposes to amend 68 O.S. § 2357.32A which relates to the Credit for Electricity Generated by Zero-Emission Facilities to not allow this credit for wind generation occurring on or after January 1, 2018 unless the Oklahoma Legislature reauthorizes the credit after evaluation by the Incentive Evaluation Commission pursuant to 62 O.S. § 7004.

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.

There is no impact to income tax collections in FY17 or FY18 as a result of this measure. In order to estimate the *potential* fiscal impact of this proposal, data from tax year 2014 was analyzed. Preliminary Tax Year 2014 data suggests that \$46.55 million dollars was used to reduce tax or refunded directly to the taxpayer at eighty-five percent (85%) of the face amount of the credit, with an additional \$40 million available for carryover. No growth in electricity generation eligible for this credit was factored into this analysis. No change to estimated tax or withholding is anticipated so the full impact *could potentially occur* in FY20 when tax year 2018<sup>1</sup> income tax returns are filed; should the legislature not reauthorize this credit.

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<sup>1</sup> Income tax return filing patterns suggests that most of the returns claiming this credit are filed on extension, typically on October 15. Therefore any tax year 2018 impact would occur after July 1, 2019 (FY20).