

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** January 27, 2016

**BILL NUMBER:** SB 883 **STATUS AND DATE OF BILL:** Introduced 12/1/15

**AUTHORS:** House n/a Senate Mazzei & Quinn

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

**PROPOSAL:** Amendatory

SB 883 proposes to amend 68 O.S. § 2357.32A (Credit for Electricity Generated by Zero-Emission Facilities) by reducing the credit from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour (kwh) of electricity generated to thirty-seven and one half one-hundredths of one cent (\$0.00375) kilowatt-hour (kwh) of electricity generated, effective for electricity generated on or after January 1, 2017.

**EFFECTIVE DATE:** January 1, 2017

**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: Projected increase in income tax collections of \$11.64 million

**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.

Jan. 29, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

1-29-16  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

1/29/16  
DATE

[Signature]  
FOR THE COMMISSION

**ATTACHMENT TO FISCAL IMPACT – SB 883 [Introduced] Prepared January 27, 2016**

SB 883 proposes to amend 68 O.S. § 2357.32A (Credit for Electricity Generated by Zero-Emission Facilities) by reducing the credit from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour (kwh) of electricity generated to thirty-seven and one half one-hundredths of one cent (\$0.00375) per kilowatt-hour (kwh) of electricity generated, effective for electricity generated on or after January 1, 2017.

Currently the amount of the credit for the electricity generated after January 1, 2007, is fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities.

Based upon calendar year 2014<sup>1</sup> preliminary data of electricity generation, it is estimated that the impact to income tax collections for this credit was \$46.55 million dollars at the \$0.0050 per kwh rate which amount was used to reduce tax and also refunded directly to the taxpayer at eighty-five percent (85%) of the face amount of the credit. Lowering the rate to \$0.00375 per kwh would result in estimated impact to income tax collections of \$34.91 million which would result in an increase in Oklahoma income tax revenue of \$11.64 million based on electricity generated in 2017. This increase in Oklahoma income tax collections should occur in early 2018 when tax year 2017 income tax returns are filed. The impact for FY17 is therefore zero, and the estimated increase to income tax collections of \$11.64 million should occur in FY18.

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<sup>1</sup> No growth in electricity generation eligible for this credit was factored into this analysis.