

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	HB 3069
Version:	CS
Request Number:	10100
Author:	Rep. O'Donnell
Date:	3/12/2018
Impact:	Effective Tax Year 2019
	Impact Realized in FY-21

Research Analysis

The committee substitute for HB3069 relates to a tax credit for electricity generated by a zero-emission facility. The measure established an annual cap equal to \$10 million for the credit effective tax year 2019 and directs the Oklahoma Tax Commission to use a percentage adjustment formula to determine a percentage by which the credits authorized are to be reduced to satisfy the \$10 million annual cap. In the event that the total tax credits authorized exceed the annual cap, the commission will permit any excess, but must factor the excess into the percentage adjustment formula for subsequent years.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

This measure proposes to cap the credit for electricity generated by wind at \$10 million beginning with tax year 2019. If the Tax Commission determines the total amount of credits allowed exceeds the cap, the Tax Commission will determine the percentage of the credit which may be claimed so that the \$10 million cap is not exceeded.¹

Preliminary calendar year 2016 data for this credit shows \$70.3 million was refunded and \$3.7 million was used to offset tax. An analysis of the preliminary 2016 refunds shows that \$6.9 million in refund claims were processed prior to July 1, 2017. Assuming similar tax credit amounts and filing date patterns for tax year 2019, \$6.9 million in claims are likely to be filed in FY20, so the cap should have no impact in FY20.

The estimated increase in income tax collections for FY21 (\$73.9 million minus \$10 million) is expected to be \$63.9 million.

Prepared By: Mark Tygret

Other Considerations

None.

