

## Revenue impact for Proposed Floor Sub for HB 1019XX – Request 42XX

The proposed floor substitute for HB 1019xx (Req. No. 42xx) proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by imposing a \$35 million cap on the credit beginning with tax year 2019.

This measure proposes to cap the credit at \$35 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 \$35 million cap is not exceeded.\*

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 \$35 million) is expected to be \$38.9 million.

\*The cap requires a two year look back to calculate. The language needs to be amended to calculate cap based on credits *claimed*, not credits *used*.