

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND EXTRAORDINARY SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 6, 2018

BILL NUMBER: HB 1035xx **STATUS AND DATE OF BILL:** Introduced 2/5/18

AUTHORS: House Wallace & Casey Senate David & Fields

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

PROPOSAL: Amendatory

HB 1035 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by placing a state wide cap of \$18 million on the credit beginning with tax year 2018.

EFFECTIVE DATE: January 1, 2018

REVENUE IMPACT:

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

FY 18: -0-

FY 19: -0-

FY 20: Projected increase in income tax collections of \$52.3 million

ADMINISTRATIVE IMPACT:

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

FY 18: None

Feb. 8, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-7-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2-7-18
DATE

[Signature]
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - HB 1035 [Introduced] Prepared February 6, 2018

HB 1035 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities¹ by placing a state wide cap of \$18 million on the credit beginning with tax year 2018.

Under current law an income tax credit is allowed based on the amount of electricity generated by a qualified zero-emission facility. 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. The credit is fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities and is available for a period of ten years.

Preliminary calendar year 2016 data for this credit shows \$73.9 million was either refunded or used to offset tax. An analysis of the preliminary 2016 refunds shows that \$6.9 million of the tax expenditure was processed prior to July 1, 2017. Assuming similar tax credit amounts and filing date patterns for tax year 2018, the \$18 million cap will not affect FY19. An estimated savings of \$52.3 should occur in FY20.

¹ One of the eligibility requirements for this credit is that electricity must be generated by an eligible renewable resource. Eligible renewable resources are defined as: wind, moving water, sun, or geothermal energy.