

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: September 22, 2017

SUBJECT: Req No 38X

TO: Rick Miller, Director

FROM: Michael C. Kaufmann, Tax Policy Analyst

This bill draft proposes to amend the income tax credit for electricity generated by zero-emission facilities (68 O.S. § 2357.32A) by eliminating the refundable aspect of unused credits, for electricity generated by wind, for tax years beginning on or after January 1, 2018.

Under current law, an income tax credit is allowed based on the amount of electricity generated by a qualified zero-emission facility. The credit is available for ten (10) years after the qualified zero-emission facility is placed in service and the qualified facility must be placed in service before January 1, 2021. 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 estimated fiscal impact is no change to income tax collections for FY18 and for FY19 an estimated increase in income tax collections of \$5.5million.