

MEMORANDUM

OKLAHOMA TAX COMMISSION TAX POLICY DIVISION

Date: May 15, 2017

To: Rick Miller, Director
Tax Policy Division

From: Marc Morrison & Christy Caesar
Tax Policy Analysts

Subject: Request #1880 - Proposal to make the manufacturers' sales tax exemption inapplicable to wind farms.

This is in response to your request for a revenue impact for Request #1880 which proposes to make the sales tax exemption afforded manufacturers inapplicable to entities engaged in electric power generation by means of wind.

Based on the American Wind Energy Association's *U.S. Wind Industry First Quarter 2017 Market Report*, approximately 912 MW of wind power capacity or 456 wind turbines^[1] are projected to be installed at an Oklahoma wind farm in FY 18. A Million Dollars (\$1,000,000) in tangible personal property costs are associated with each turbine. Multiplying the projected number of turbines by the associated costs generates an estimated increase in state sales tax collections of \$20,520,000. The measure has a July 1, 2017 effective with an emergency clause. An increase in states sales tax collections in the amount of \$18,810,000 is projected for FY18. [$\$20,520,000 / 12 = \$1,710,000 \times 11 \text{ collection months} = \$18,810,000$]

^[1] Assumes 2 MW turbines.