

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 10, 2018

BILL NUMBER: SB 893 **STATUS AND DATE OF BILL:** Enrolled Bill 5/2/18

AUTHORS: House Sears & Bennett (John) Senate Quinn

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

PROPOSAL: Amendatory

SB 893 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities¹ by placing a \$500,000 cap on the credit for electricity generated by non-wind sources beginning with tax year 2019, and no longer allowing the credit for electricity generated by non-wind sources for tax years ending not later than December 31, 2021.

EFFECTIVE DATE: January 1, 2019

REVENUE IMPACT:

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

FY 19: -0-

FY 20: -0-

ADMINISTRATIVE IMPACT:

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

FY 19: None

May 10, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

5-10-18
DATE

Reece Womack
REECE WOMACK/ECONOMIST

5-10-18
DATE

Jim Mat
FOR THE COMMISSION

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.

ATTACHMENT TO FISCAL IMPACT - SB 893 [Enrolled] Prepared May 10, 2018

SB 893 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities² by placing a \$500,000 cap on the credit for electricity generated by non-wind sources beginning with tax year 2019, and no longer allowing the credit for electricity generated by non-wind sources for tax years ending not later than December 31, 2021.

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 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. With respect to electricity generated by wind, the facility must be placed in operation not later than July 1, 2017. With respect to electricity generated by moving water, sun, or geothermal energy, the facility must be placed in operation not later than December 31, 2020.

This measure proposes to place a \$500,000 cap on the credit for electricity generated by non-wind sources beginning with tax year 2019, and no longer allowing the credit for electricity generated by non-wind sources for tax years ending not later than December 31, 2021. 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 \$500,000 cap is not exceeded.³ Any credits authorized with respect to non-wind sources not used or unable to be used because of the cap may be carried over until such credits are fully used.

No claims for non-wind credits have been claimed so this measure has no short term impact.

² 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.

³ The cap requires a two year look back to calculate.