

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 11, 2018

BILL NUMBER: SB 902 **STATUS AND DATE OF BILL:** Introduced 12/21/17

AUTHORS: House n/a Senate Daniels

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

PROPOSAL: Amendatory

SB 902 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by eliminating the refundable aspect of the credit beginning with tax year 2019.

EFFECTIVE DATE: November 1, 2018

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: Projected increase in income tax collections of \$6.9 million.

FY 21: Projected increase in income tax collections of \$70.3 million.

ADMINISTRATIVE IMPACT:

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

FY 19: None

Jan. 16, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

1-17-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

1-18-18
DATE

Jim White
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 902 [Introduced] Prepared January 11, 2018

SB 902 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities¹ by eliminating the refundable aspect of the credit beginning with tax year 2019. The elimination of the refundable aspect applies only to the credit based on the production of electricity by wind.

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 \$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 refundable tax credit amounts and filing date patterns for tax year 2019 most of the impact for tax year 2019 will occur on or after July 1, 2020. Therefore, there is a projected increase in income tax collections of \$6.9 million in FY20 and the full impact of an estimated increase in income tax collections of \$70.3 million should occur in FY21.

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.