

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 14, 2018

BILL NUMBER: SB 983 **STATUS AND DATE OF BILL:** Introduced 1/10/18

AUTHORS: House n/a Senate Bergstrom

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

PROPOSAL: Amendatory

SB 983 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by shortening the time period the credit may be generated.

EFFECTIVE DATE: July 1, 2018 - Emergency

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

Feb. 15, 2018
DATE

Rick Miller
DIVISION DIRECTOR

mck

2-15-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

2/15/18
DATE

Jimmy McIntosh
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 983 [Introduced] Prepared February 14, 2018

SB 983 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities¹ by shortening the time period the credit may be generated.

Under current law an income tax credit² 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. For credits generated by wind, the qualified zero-emission facility must have been placed in service prior to July 1, 2017.

This measure proposes to allow the credit for all qualified zero-emission facilities for ten years following the date the facility is placed in operation or for electricity generated before July 1, 2022, whichever occurs earlier. This effectively allows tax year 2022 to be the final tax year to be able to claim most of the credit.

There is no short term fiscal impact of this proposal. The first tax year that the credit is limited is 2022 and an unknown positive impact should occur in FY23.

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.

² Preliminary calendar year 2016 data for this credit shows \$70.3 million was refunded and \$3.7 million was used to offset tax.