

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1263</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>5582</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>2/13/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
<b>Unknown Potential Increase in Income Tax Revenue</b>	

**Research Analysis**

HB1263, as introduced, allows claimants of a tax credit for electricity generated by a zero-emission facility to make an irrevocable election to not receive a direct refund for a given tax year for credits generated for the first time on or after July 1, 2019. Any credits not directly refunded may be carried forwarded as a credit against subsequent income tax liability for up to 10 years. After the 10<sup>th</sup> year of carry forward, any credits remaining will be refunded at 85 percent of the value.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

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 (10) years.

The latest data indicates that \$70.3 million in refunds were paid to 26 entities for the Credit for Electricity Generated by Zero-Emission Facilities for tax year 2016. It is unknown how many of these entities would elect to defer the refund. The revenue impact for this proposal is an unknown potential positive.

Prepared By: Mark Tygret

**Other Considerations**

None.