

**Bill Summary**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 479</b>
<b>Version:</b>	<b>INT</b>
<b>Request No.:</b>	<b>1253</b>
<b>Author:</b>	<b>Sen. Quinn</b>
<b>Date:</b>	<b>01/19/2019</b>

**Bill Analysis**

SB 479 modifies the income tax credit granted to zero emission facilities. The amount per kilowatt hour is changed from \$0.0050 per kilowatt hour to \$0.0025 per kilowatt hour after July 1, 2019.

Prepared by: Kalen Taylor

## OKLAHOMA TAX COMMISSION

### REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 8, 2019

BILL NUMBER: SB 479 STATUS AND DATE OF BILL: Introduced 1/16/19

AUTHORS: House n/a Senate Quinn

TAX TYPE (S): Income Tax SUBJECT: Credit

PROPOSAL: Amendatory

SB 479 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by lowering the amount of the credit for electricity generated on or after July 1, 2019, from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities to twenty-five one-hundredths of one cent (\$0.0025) per kilowatt-hour of electricity generated by zero-emission facilities.

EFFECTIVE DATE: July 1, 2019 - Emergency

#### REVENUE IMPACT:

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

FY 20: Projected increase of \$2.03 million in income tax collections.

FY 21: Projected increase of \$22.3 million in income tax collections.

Feb. 8, 2019  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

2-8-2019  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2-8-19  
DATE

Jimmy Murt  
FOR THE COMMISSION

*The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

**ATTACHMENT TO REVENUE IMPACT SB 479[Introduced] Prepared: February 8, 2019**

SB 479 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by lowering the amount of the credit for electricity generated on or after July 1, 2019, from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour of electricity generated by zero-emission facilities to twenty-five one-hundredths of one cent (\$0.0025) per kilowatt-hour of electricity generated by zero-emission facilities.<sup>1</sup>

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. 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, 2021.

For tax year 2016<sup>2</sup>, \$81.1 million in Credits for Electricity Generated by Zero-Emission Facilities was either used to offset tax or refunded. Based on this data and assuming similar wind production, an expected increase in income tax collections of \$20.3 million should occur for tax year 2019<sup>3</sup>. Due to filing patterns and refund payment dates the estimated FY impact for this proposal is an increase in income tax collections of \$2.03 million in FY20 and \$22.3 million in FY21.

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<sup>1</sup> This measure also proposes to add a date which was inadvertently omitted from subsection (A). [Senate Bill 893 (2018)].

<sup>2</sup> Tax year 2017 data is being analyzed and will be provided when it becomes available. Due to the statutory requirement that wind facilities must be placed in operation not later than July 1, 2017, and that certain wind facilities no longer qualify for the credit (10 year rule), the peak utilization of the credit will likely be in tax year 2017 or 2018.

<sup>3</sup> Even though the proposed credit amount is 50% of the current credit amount, it is only halved for half the calendar year, therefore the increase for tax year 2019 will be one-fourth of the 2016 tax expenditure. It is expected that the increase in income tax collections for tax year 2020 will be at least \$40.6 million.