BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	**HB 1137**
Version:	**INT**
Request Number:	**6088**
Author:	**Rep. Fetgatter**
Date:	**2/10/2021**
Impact:	**Tax Commission:**

Income tax Revenue Decrease:
FY-22: ($558,000)
FY-23: ($3,345,000)

Research Analysis

HB 1137 extends a one-time per-location income tax credit of 75 percent of the cost of qualifying clean-burning motor vehicle fuel property. The measure also limits the annual amount of credits for investments in or the taxable year beginning January 1, 2022, and every tax year thereafter, the total amount of all income tax credits for investments in qualified clean-burning motor vehicle fuel property to $15 million.

Prepared By: Emily McPherson

Fiscal Analysis

From the Tax Commission:

Proposed Law:
This measure proposes to restore the infrastructure credit to 75% and reduce the state wide cap to $15 million. The cap reduction is effective for tax year 2022, with an analysis of tax year 2020 returns required.[5]

Revenue Impact:
In order to estimate the revenue impact of restoring the credit percentage to 75%, data from tax year 2014 through 2019 was analyzed. The average annual amount of credits used to offset tax (at the 75% rate) was $8.445 million. It is estimated the amount of credits used in 2020 (at the 45% rate) will be $5.1 million. Increasing the infrastructure component to 75% for tax year 2022 could result in an annual decrease in income tax collections of $3.345 million. Due to this measure becoming effective November 1, 2021, and assuming equal investment throughout the year, a decrease of $558,000 in income tax collections for tax year 2021 is expected. Assuming no changes to estimated tax payments, the $558,000 decrease would occur in FY22 when the 2021 returns are filed; with the full annualized decrease of $3.345 million occurring in FY23.

[5] Tax year 2020 returns are due to be filed in 2021; so it is unclear if the $15 million reduction for 2022 will be in effect. Tax year 2020 was uncapped due to the tax year 2018 expenditure for this credit being under the $20 million; and preliminary tax year 2019 data suggests that 2021 is also uncapped for the same reason.

Prepared By: Mark Tygret

Other Considerations

None.