OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 14, 2015

BILL NUMBER: SB 467 **STATUS AND DATE OF BILL:** Introduced 1/22/15

AUTHORS: House n/a Senate Quinn

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

PROPOSAL: Amendatory

SB 467 proposes to amend 68 O.S. § 2357.32A by reducing the amount of the credit for any facility that initially becomes operational and produces electricity on or after January 1, 2016, to twenty-five one-hundredths of one cent ($0.0025) for each kilowatt-hour of electricity generated by zero-emission facilities, and reducing the ten year period for claiming the credits to five years.

EFFECTIVE DATE: November 1, 2015

REVENUE IMPACT:

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

FY 16: Unknown positive impact – see attached

ADMINISTRATIVE IMPACT:

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

FY 16: No additonal cost or savings to the Tax Commission due to this proposed legislation.

Feb. 19, 2015 — Rick Miller — mck
DATE — DIVISION DIRECTOR

2-20-15 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

2/23/15
DATE — FOR THE COMMISSION

SB 467 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities.

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.

This measure proposes to amend 68 O.S. § 2357.32A by reducing the amount of the credit for any facility that initially becomes operational and produces electricity on or after January 1, 2016, to twenty-five one-hundredths of one cent ($0.0025) for each kilowatt-hour of electricity generated by zero-emission facilities, and reducing the ten year period for claiming the credits to five years.

Fiscal Impact

Credit for Electricity Generated by Zero-Emission Facilities

The amendment made by this measure decreases the amount of the credit and reduces the number of years the credit is available.

Most, if not all, facilities that qualify for the Credit for Electricity Generated by Zero-Emission Facilities are wind farms. Data from the Kansas Energy Information Network[1] suggests as of February 2014, seven (7) new wind farms are under construction and an additional eight (8) are classified as proposed, for a total of fifteen (15) wind farms. It is difficult to estimate the volume of electricity which will be generated, or when the electricity will be generated, so predicting the amount of credit is speculative at best. Potential changes to estimated tax payments and withholding for tax year 2016 would impact FY16.

The table below provides an overview of the usage of this credit since 2008

Tax Year	CLAIMED Total Amount	USED Total Amount
2008	$2,704,400	$2,433,977
2009	$3,242,906	$2,454,206
2010	$3,698,962	$2,916,536
2011	$3,128,895	$2,318,605
2012	$42,910,343	$18,181,467
2013[2]	$27,146,314	$19,395,529

[1] *Oklahoma Wind Farms* - Kansas Energy Information Network; www.kansasenergy.org/wind_projects_OK.htm
[2] Tax year 2013 is preliminary data for returns processed through February 3, 2015.