OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 27, 2015

BILL NUMBER: SB 498 **STATUS AND DATE OF BILL:** Enrolled 05/15/2015

AUTHORS: House Sears et al. Senate Mazzei et al.

TAX TYPE (S): Ad Valorem **SUBJECT:** Exemption

PROPOSAL: Amendatory

Beginning January 1, 2017, the measure makes the five year ad valorem exemption[1] inapplicable to entities engaged an electric power generation by means of wind, as described by the North American Classification System No. 221110.

EFFECTIVE DATE: January 1, 2017[2]

REVENUE IMPACT:

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

FY 16: None
FY 17: None [See attached analysis]

ADMINISTRATIVE IMPACT:

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

FY 16: None

May 27, 2015 — Rick Miller
DATE — DIVISION DIRECTOR

cjc

5-27-15 — Reece Womack
DATE — REECE WOMACK, ECONOMIST

5/27/15 — Dan Cash
DATE — FOR THE COMMISSION

1 Article 10, Section 6B of the Oklahoma Constitution and 68 O.S. § 2902.
2 Assuming the Governor signs SB 85 which changes the effective date of SB 498 from January 1, 2016 to January 1, 2017.

ATTACHMENT TO FISCAL IMPACT SB 498 - [Enrolled] - Prepared May 27, 2015

The measure provides that effective January 1, 2017, an entity engaged in electric power generation by means of wind shall not be defined as a qualifying manufacturing concern for purposes of the exemption authorized pursuant to Section 6B of Article X of the Oklahoma Constitution or qualify as a manufacturing facility as defined in Section 2902 of Title 68. It further states that no initial application for exemption shall be filed by or accepted from an entity engaged in electric power generation by means of wind on or after January 1, 2018.

Based on the proposed language estimated amounts subject to reimbursement attributable to wind electric generation facilities would gradually decrease beginning with the 2019 reimbursement year as follows:

FY 18: No reduction in claims against the Ad Valorem Reimbursement Fund
FY 19: $11,000,000 reduction in claims against the Ad Valorem Reimbursement Fund
FY 20: $20,950,000 reduction in claims against the Ad Valorem Reimbursement Fund
FY 21: $29,902,500 reduction in claims against the Ad Valorem Reimbursement Fund