

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 1, 2016

BILL NUMBER: SB 883

STATUS AND DATE OF BILL: Senate Floor Version 2/2/16

AUTHORS: House n/a Senate Mazzei & Quinn

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

PROPOSAL: Amendatory

SB 883 proposes to amend 68 O.S. § 2357.32A (Credit for Electricity Generated by Zero-Emission Facilities) by reducing the credit from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour (kwh) of electricity generated to thirty-seven and one half one-hundredths of one cent (\$0.00375) per kilowatt-hour (kwh) of electricity sold, effective for electricity sold on or after July 1, 2016.

EFFECTIVE DATE: August 26, 2016¹

REVENUE IMPACT:

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

FY 17: -0-

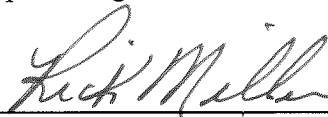
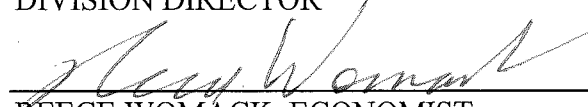
FY 18: Projected increase in income tax collections of \$7 million.

FY 19: Projected increase in income tax collections of \$14.03 million.

ADMINISTRATIVE IMPACT:

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

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

<u>Mar. 2, 2016</u>	<u></u>	<u>mck</u>
DATE	DIVISION DIRECTOR	
<u>3-2-16</u>	<u></u>	
DATE	REECE WOMACK, ECONOMIST	
<u>3/4/16</u>	<u></u>	
DATE	FOR THE COMMISSION	

¹ This assumes the legislature adjourns Sine die on May 27, 2016 since this measure has no effective date.

SB 883 proposes to amend 68 O.S. § 2357.32A (Credit for Electricity Generated by Zero-Emission Facilities) by reducing the credit from fifty one-hundredths of one cent (\$0.0050) for each kilowatt-hour (kwh) of electricity generated to thirty-seven and one half one-hundredths of one cent (\$0.00375) per kilowatt-hour (kwh) of electricity sold, effective for electricity sold on or after July 1, 2016.

Preliminary tax year 2014 data suggests that \$56.1 million dollars was used to reduce tax or refunded directly to the taxpayer at eighty-five percent (85%) of the face amount of the credit, with an additional \$40 million available for carryover at the \$0.0050 per kwh rate. Lowering the rate for electricity sold on or after July 1, 2016 would result in an increase in Oklahoma income tax revenue of \$7 million for electricity sold in 2016; and an increase in Oklahoma income tax revenue of \$14.03 million for electricity sold in 2017.

Income tax return filing patterns suggests that most of the returns claiming this credit are filed on extension, typically on October 15. Any tax year 2016 impact would occur after July 1, 2017 (FY18). Therefore, no impact is expected for FY17, an estimated increase to income tax collections of \$7 million is expected in FY18 and an estimated increase to income tax collections of \$14.03 million is expected in FY19.