

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1233</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>5104</b>
<b>Author:</b>	<b>Rep. McBride</b>
<b>Date:</b>	<b>2/17/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Estimated Revenue Increase</b>
	<b>FY-20: \$1.3 Million</b>
	<b>FY-21: \$44.6 Million</b>
	<b>FY-22: \$86.6 Million</b>

**Research Analysis**

HB1233, as introduced, relates to a tax credit for electricity generated by a zero-emission facility. The measure ends the ability for tax credits generated after January 1, 2014 to be refunded at 85 percent of the value at the election of taxpayer.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

HB 1233 proposes to amend 68 O.S. §2357.32A relating to the Credit for Electricity Generated by Zero-Emission Facilities by eliminating the refundability of the tax credit effective July 1, 2019.

Under this measure, credits generated after July 1, 2019, may only be used as an offset against a tax liability.<sup>1</sup>

Preliminary tax year 2017<sup>2</sup> data shows the total tax expenditure for the Credit for Electricity Generated by Zero-Emission Facilities was \$87.1 million, of which \$86.6 million was refunded. Based on previous years' tax return filing patterns, the expenditure for FY18 is estimated to have been \$2.7 million, and \$84.3 million for FY19. This measure provides that credits generated after July 1, 2019 may only be used as an offset against tax (no refunds); therefore, it is expected the amount refunded will be half of what is expected to be refunded for tax year 2019 under current law. This results in a potential increase in Oklahoma income tax revenue of \$43.3 million for tax year 2019. Based on tax year 2017 filing patterns, the FY20 increase in revenue is expected to be \$1.3 million, the FY21 increase in revenue is expected to be \$44.6 million and for FY22 the increase in revenue is expected to be \$86.6 million.

<sup>1</sup> Credits earned after January 1, 2014 cannot be transferred nor carried over. [SB 343 (2013)]. This measure (HB 1233) eliminates the refundability of the credit effective July 1, 2019.

<sup>2</sup> Oklahoma Tax Commission preliminary tax year 2017 data (511 CR). For purposes of this analysis, it is assumed similar credits will be generated for tax year 2019 as was reported for tax year 2017.

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**Other Considerations**

None.

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