

## **BILL SUMMARY**

1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB484</b>
<b>Version:</b>	<b>FA2</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. McDugle</b>
<b>Date:</b>	<b>4/27/2023</b>
<b>Impact:</b>	<b>OTC Analysis: Unknown revenue decrease</b>

### **Research Analysis**

Floor amendment 2 to SB484 allows for credit enhancements if certain criteria are met. Eligible projects can receive a base credit amount equal to \$500 per ton of increased capacity plus an additional \$500 per ton of increased capacity for projects where 40 percent or more of the materials for the project are produced in Oklahoma. An additional \$500 per ton can be claimed if the project is located on tribal land or low-income community, which can be doubled if the project is on tribal land in a low-income community.

As amended, SB484 creates a tax credit for qualified geothermal projects in the state of Oklahoma. The credit may be claimed tax year 2024 through 2023, is capped at \$20 million for the credit period, and is equal to \$500 per ton of increased geothermal capacity resulting from a qualified project. A qualified project may be eligible for credit enhancements equal to \$500 per ton per qualifying activity if the project uses 40 percent or of Oklahoma produced material, is located in tribal land or is located in a low-income community. The credit is also transferrable to a contractor associated with the project and may be allocated to partners, members or shareholders of the entity operating the project.

Prepared By: Quyen Do

### **Fiscal Analysis**

In its current form, SB484 creates the Oklahoma Geothermal Investment Affordability Act. SB484 also creates a tax credit for qualified projects, which is capped at \$20,000,000. Individual This measure is expected to result in a decrease in income tax revenue. As the timing and amounts of credits claimed over the proposed ten-year eligibility period are unknown, the decrease in income tax revenue for fiscal years 2024 and 2025 are unknown.

The committee substitute for SB484 limited the individual credit amount to \$500 per ton of increased geothermal capacity produced by qualified projects. The second floor amendment raises the cap of the individual credit amount for certain projects, but does not raise the \$20,000,000 annual cap. Therefore, the impact to the state budget will not change.

Prepared By: Zachary Penrod, House Fiscal Staff

### **Other Considerations**

None.

