

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 187** HLS 17RS 502
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 15, 2017 2:16 PM	Author: CROMER
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Solar Energy System Tax Credit	

TAX CREDITS EN -\$15,000,000 GF RV See Note Page 1 of 1

Terminates the solar energy systems tax credit and provides relative to the payment of claims for the tax credit for purchased systems

Proposed law authorizes payment of credit claims on eligible solar systems that were denied credits on the basis of limitations on the amount of credits granted. Eligible systems must have been purchased and installed on or before December 31, 2015. Each affected taxpayer is to be granted their credit due in 3 equal installments beginning in FY18 and ending in FY20. Total program credits paid each year can not exceed \$5 million, exclusive of interest. Any remaining balance of credit due after FY20 is to be paid in FY21. Interest is to accrue starting 90-days from October 1 of the year which relates to the fiscal year credit cap from which the installment of credit is paid. Leased system deadlines and credit amounts are also modified. Current program credit caps are not affected.

Effective upon governor's signature.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	\$0	\$0	(\$15,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	\$0	\$0	(\$15,000,000)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The Dept. of Revenue indicates that there are 1,290 denied claims for solar systems purchased and installed before December 31, 2015. Verified claims (423) total \$4.8 million of credits. Unverified claims (606) total \$7.6 million of credits at the maximum allowed per claim of \$12,500, but it is possible that some of these claims would only be eligible for \$10,000 of credit depending upon the actual install date. Undocumented claims (261) total \$3.3 million at a maximum per claim of \$12,500 or \$2.6 million at the \$10,000 per claim maximum depending on install date. Thus, the state's exposure to these claims ranges from \$13.5 million to \$15.7 million. These claims are to be paid out over the FY18 - FY20 period, in equal installments to each taxpayer, and no more than \$5 million can be paid each year, exclusive of interest. With respect to these known denied credit claims, the maximum revenue loss exposure is displayed in the table above, but does not include any interest cost if refunds to these taxpayers are not made timely, as provided in the bill.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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