



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 595** HLS 11RS 1035

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.: **REVISED**

Date: June 20, 2011	7:48 AM	Author: LABRUZZO
Dept./Agy.: Revenue		
Subject: Wind and Solar income tax credit with federal grants		Analyst: Deborah Vivien

TAX CREDITS

EG1 +\$1,500,000 GF RV See Note

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Authorizes the wind or solar energy systems tax credit in addition to any federal grant for the same system

Current law provides a refundable income tax credit of 50% of the first \$25,000 of the installation cost of a wind or solar energy system in a residential structure. The credit may be used in addition to any federal tax credits for the same system.

Proposed law retains current law and allows the taxpayer to obtain the state credit in addition to any federal grants for the same system provided the amount of the federal credits or grants are not included in the calculation of the state credit.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000
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>	<u>\$0</u>
Annual Total	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The Department of Revenue indicates that allowing the credit in addition to federal grants for the same system is currently practiced. However, this legislation also removes the allowance of federal credits or grants in the calculation of the state credit. In the original legislation, this is an allowable practice. Therefore, this bill will allow a smaller amount of state tax credit to be claimed and realized.

According to the Department of Revenue, wind & solar tax credits claimed against both corporate and individual tax liabilities have been \$1.287 million in FY09, \$8.006 million in FY10, and \$8.113 million in FY11 to date. If the federal credit is deducted from the cost of the system before the state credit of 50% is applied, the state would have issued about \$1.5 million fewer credits in FY 10 and FY 11 to date. If the recent levels of credit claims were to continue into the future, then realizations of those credits may be some \$1.5 million lower than they would be otherwise, resulting in net higher state general revenue collections.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 Gregory V. Albrecht Chief Economist
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	