

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 301** HLS 17RS 346

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 18, 2017	9:56 AM	<b>Author:</b> FOIL
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Solar Energy System Tax Credit		

TAX/INCOME-INDIV/CREDIT OR -\$15,700,000 GF RV See Note Page 1 of 1  
Terminates the solar energy systems tax credit for purchased and leased systems and provides for 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 in FY16 and FY17. Interest is to accrue starting 90-days after July 1, 2017. There is to be no cap on the amount of credits granted for systems purchased and installed after July 1, 2015 and before July 1, 2017. The sunset date on leased system installations is changed to July 1, 2017 from December 31, 2017.

Effective upon governor's signature.

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

  

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$15,700,000)	\$0	\$0	\$0	\$0	<b>(\$15,700,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>(\$15,700,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,700,000)</b>

**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. 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 made 90-days after July 1, 2017.

In addition, the bill provides for no limitation on the amount of credits granted for systems purchased and installed after July 1, 2015 and before July 1, 2017. The Department reports no information on these systems, and to the extent they have been installed, serve to increase the state revenue loss in the table above. This suggests that the \$15.7 million loss estimated above may actually be a minimum revenue loss associated with this bill.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**John D. Carpenter**  
**Legislative Fiscal Officer**