LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 46** HLS 162ES 63

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 7, 2016 8:09 PM **Author:** FOIL

Dept./Agy.: Revenue

Subject: Shifts solar credit caps among remaining fiscal years **Analyst:** Deborah Vivien

TAX CREDITS OR NO IMPACT GF RV See Note

Provides with respect to the tax credit for solar energy systems

Current law imposes an annual cap on solar credits in the amounts of $20M in FY 16, $20M in FY 17 and $10M in FY 18, with half for leased systems and half for purchased systems. The program ends January 1, 2018.

Proposed law shifts the credit caps from leased systems to purchased systems by increasing the purchased system cap by $5M in each of FY 17 and FY 18 while decreasing the leased system cap by the same amount in the same years. Due to these reductions, the leased system credit is eliminated on July 1, 2017, 6 months prior to current law.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department already has a system in place to accommodate the program. Adjusting the program caps should not create a significant expense.

REVENUE EXPLANATION

The bill seeks to change the cap structure without adding to the total cost of the program through FY 18 by increasing the cap for purchased systems and reducing the cap for leased systems. This appears to be an effort to accommodate the growing backlog of existing purchased system claims to date.

There is no anticipated direct material effect on governmental revenues as a result of this measure. The program caps are currently built into the revenue forecast at the total cap of $20M in FY 17 and $10M in FY 18. As long as the total cap remains the same, which it does in this bill, allocating the capacity between leased and purchased systems will not impact state revenue. The revenue forecast assumes that the cap will be reached in all remaining years of the solar program. This bill would further justify that assumption since the credit claims related to purchased systems are already over the maximums of the bill.

As of April 30, 2016, LDR reports that the department has processed $36.9M in claims for solar credits for purchased systems, which is almost $12M in excess of the total purchased system program cap of $25M. Even with the increase of $10M in purchased system capacity provided in this bill, outstanding purchased system credits of about $2M (as of April 30) will not be paid. It is expected that May filings will add about $2M to the purchased claims in excess of the cap as will any subsequent claims.

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}

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