

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5775-01
Bill No.: HB 1725
Subject: Tax Credits; Taxation and Revenue- Income
Type: Original
Date: March 9, 2012

Bill Summary: This proposal extends the sunset on the wood energy producers tax credit and caps the amount of tax credits available under the program each fiscal year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	\$0 to (\$4,500,000)	\$0 to (\$4,500,000)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 to (\$4,500,000)	\$0 to (\$4,500,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning (BAP)** assume this proposal extends the sunset on the Wood Energy Tax Credit from 6/30/13 to 6/30/18 and caps annual authorizations at \$4.5 million. Average authorizations for this program were \$3.4 million over FY 09-11. This proposal will reduce General and Total State Revenues by similar amounts. This proposal may encourage other economic activity. BAP cannot estimate the induced revenues.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

Officials at the **Department of Natural Resources** assume there is no additional direct fiscal impact to the Division of Energy from this proposal. The duties would continue to be absorbed by existing staff. However, the proposal extends the tax credit from June 30, 2013 to June 30, 2018. This could result in up to \$4.5 million per year in additional tax credits.

Oversight assumes this tax credit was to expire on June 30, 2013. This proposal extends the tax credit and therefore **Oversight** will show the loss to state revenue of the tax credits issued in FY 14. This proposal also establishes a statutory cap of \$4.5 million and therefore, **Oversight** for the fiscal note is showing the amount of loss of revenue in future years to the State as being \$0 (no credits claimed) to the statutory cap.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Revenue Reduction</u> - extension of the wood energy tax credit	\$0	\$0 to (\$4,500,000)	\$0 to (\$4,500,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 to (\$4,500,000)	\$0 to (\$4,500,000)
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

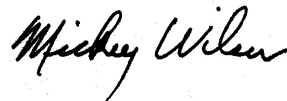
FISCAL DESCRIPTION

This proposal extends the sunset on the wood energy producers tax credit and caps the amount of tax credits available under the program each fiscal year.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning
Department of Natural Resources
Department of Revenue



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Director
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