

FISCAL NOTE

	FY 2020	FY 2021	FY 2022
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
GENERAL FUND	\$3,200,000	\$6,700,000	\$6,900,000
LOCAL SOURCES FUND	\$4,900,000	\$10,000,000	\$10,300,000

Source of revenue increase:

Under current law, electricity produced from a wind turbine is not subject to the current \$1.00 per megawatt hour wind generation tax until three years after the turbine first produced electricity for sale. This bill repeals this three-year exemption.

This bill provides that no tax would be imposed for the first year in which a wind resource produces electricity.

This bill also provides for a tax rate of \$0.50 per megawatt hour for the second year of production, a tax rate of \$1.00 per megawatt hour for the third year of production, a tax rate of \$3.00 per megawatt hour for the fourth year of production, and \$5.00 per megawatt hour for the fifth year and each year thereafter of production.

Assumptions:

All the generating facilities currently reporting have been in production for 5 years or more, with the exception of one facility. The above estimate does not include new generating facilities that have not yet been placed in service.

The above estimates are based on the calendar year 2017 megawatt hours reported in FY 2018, rounded to the nearest \$100,000. While megawatt hours are assumed to remain at calendar year 2017 levels, the above estimates for FY 2021 and FY 2022 are increased to account for those wind turbines that will begin to generate taxable wind production in calendar year 2020.

The bill is effective July 1, 2019. The increased tax rate will apply to the megawatt hours produced in the last six months of calendar year 2019, resulting in a smaller revenue increase in FY 2020 than in FY 2021 and FY 2022.

Since taxpayers do not report the megawatt hours related to this exemption, the Department of Revenue cannot determine the fiscal impact of the repeal of this exemption.

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