

REVENUE: Revenue Impact Issued
FISCAL: Fiscal Impact Issued

Action: Do Pass with Amendments, be printed Engrossed and be referred to Tax Credits by Prior reference
Vote: 7-0-1
Yeas: Bailey, Bentz, Brewer, Gelser, Read, Barnhart, Berger
Nays: 0
Exc.: Wand
Prepared By: Chris Allanach, Economist
Meeting Dates: 4/20; 4/27, 6/8

WHAT THE BILL DOES: For purposes of the Business Energy Tax Credit, clarifies that the first year a transferee may claim the tax credit is the year the transferee pays for the credit. Moves the credit transfer language from Chapter 315 to Chapter 469. Provides that the total – rather than certified – cost of a project is reduced by an applicable federal grant amount. Clarifies that applicants are eligible to participate in the tax credit program and a low interest, government-sponsored loan program. Clarifies that for renewable projects with a certified cost of at least \$10 million, an application for final certification shall be considered complete without the identification of a transferee. Changes are applicable to tax years beginning on or after January 1, 2009, except for the changes regarding final certifications, which are applicable for certifications issued since January 1, 2010.

ISSUES DISCUSSED:

- Implementation of HB 3680
- Nature of technical clarifications to HB 3680 from 2010 Session
- Value of projects eligible for the tax credit

EFFECT OF COMMITTEE AMENDMENTS: Moves the credit transfer language from Chapter 315 to Chapter 469 and clarifies that a transferee may first claim the tax credit in the year the credit is purchased (applicable for tax year 2009 and forward); clarifies that for renewable projects with a certified cost of at least \$10 million, an application for final certification shall be considered complete without the identification of a transferee (applicable for final certifications issued since January 1, 2010).

BACKGROUND: The Business Energy Tax Credit was established in 1979 and has been modified several times over the past three decades. Generally, there are three types of projects eligible for a tax credit under the program – conservation projects, renewable energy generation projections, and manufacturing facility projects. Bills under consideration during the 2011 regular session would establish three separate credits corresponding to project type.