

**REVENUE: No Revenue Impact**

**FISCAL: Minimal Fiscal Impact**

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**Action:** Do Pass the B Engrossed bill  
**Vote:** 12-0-0  
**House Yeas:** Barnhart, Bentz, Brewer, Gelser, Read, Wand, Bailey, Berger  
**Senate Yeas:** Hass, Morse, Telfer, Burdick  
**Nays:** 0  
**Exc.:** 0  
**Prepared By:** Chris Allanach, Economist  
**Meeting Dates:** 6/15, 6/16

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**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. States that a tax credit becomes non-transferable once the original owner of the tax credit certificate uses any portion of 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. States that the bill does not provide a basis for applicants to obtain amendments to issued certificates. 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:**

- Nature of technical clarifications to HB 3680 from 2010 Session

**EFFECT OF COMMITTEE AMENDMENTS:** States that a tax credit becomes non-transferable once the original owner of the tax credit certificate uses any portion of the credit; states that the bill does not provide a basis for applicants to obtain amendments to issued certificates.

**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. House Bill 3680 from 2010 made substantial changes to the credit, broadly intended to reduce the cost of the program. This bill largely addresses technical issues related to the implementation of that bill as well as potential changes to the credit resulting from Attorney General opinions issued earlier this year.