

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 220(RES)
 (S) Publish Date: 3/10/10

Identifier (file name): CSSB220(RES)-REV-TAX-03-07-10 Dept. Affected: Revenue
 Title: Energy Efficiency / Alternative Energy RDU: Taxation and Treasury
 Sponsor: (RES) Resources Component: Tax Division
 Requester: Senate Resources Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()		***	***	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached.

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 Division: Tax Division Date/Time 03-05-10; 4:35pm
 Approved by: Ginger Blaisdell, Director Date 03-07-10; 1:20pm
Administrative Services Division

ANALYSIS CONTINUATION**Bill Language:**

This fiscal note examines the changes in tax credit programs in the Department of Revenue and does not address the effects on other departments or public corporations.

This bill would create a refundable tax credit for electricity production from new or expanded renewable energy projects in the state. The amount of the credit is 15 percent of the retail rate of each kilowatt hour of electricity charged by the energy producer. The retail rate is determined by the Regulatory Commission of Alaska. The refundable credit is available in the year the date the capital investment used to produce renewable energy is placed into service, and the following four years. The tax credit would be applicable only to the Alaska Corporate Net Income Tax liabilities, but may not be taken against the alternative minimum tax. The credit cannot exceed 10% of the capital investment or \$30,000,000, whichever is less. A person may not include state or federal grants as part of the capital investment.

For purposes of this bill, "renewable energy" means geothermal, solar, hydroelectric, wind, biomass, hydrokinetic or tidal, and wave energy.

The tax credit would apply to projects placed into service on or after the effective date of this Act. The tax credit provisions of the bill include a sunset date of January 1, 2018.

Revenues:

Revenues from this bill are indeterminate because we do not know the size or number of projects that would qualify for the credit. Also we do not know whether projects that qualify would choose to take the credit.

As an example, a 54-megawatt wind farm such as the Fire Island project near Anchorage could potentially be eligible for a \$3 million annual credit refund. Over five years, the credit could amount to \$15 million, but the 10% of capital costs limit would likely reduce the value of the credit. Any state or federal aid for the capital costs of the project would reduce the amount of the investment eligible for the credit refund.

Expenditures:

The provisions of this bill could be implemented with existing state resources. No additional personnel or resources would be needed, since the DOR is already performing these duties.