

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSHB 368(ENE)
Fiscal Note Number:	2
(H) Publish Date:	3/22/2024

Identifier: HB368-DOR-TAX-02-24-24
 Title: ELECTRICAL ENERGY & ENERGY PORTFOLIO
 STDS
 Sponsor: ENERGY
 Requester: (H) ENERGY

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Tax Division
 OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time	***		***	***	***	***	***
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/25

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Brandon Spanos, Acting Director	Phone:	(907)269-6736
Division:	Tax Division	Date:	02/24/2024
Approved By:	Eric Demoulin, Administrative Services Director	Date:	02/24/24
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

Bill Analysis

This bill would create a clean energy transferable tax credit that could be used against the Electric and Telephone Cooperative taxes or any of the other 20 tax types administered by the Department of Revenue (Department).

The Department would be required to issue a clean energy transferable tax credit certificate to a load-serving entity, as defined in AS 42.05.790, for qualified clean energy production under AS 42.05.910. The department would publish the name and contact information for each person provided a certificate. The tax credit certificate could be sold, assigned, exchanged, conveyed, or otherwise transferred in whole or in part to a tax paying entity to use against their tax obligations. Any portion not used by the taxpayer could be used in a later tax period or further transferred to another taxpayer.

A clean energy transferable tax credit would need to be used within five years after being issued by the Department.

The Department would be required to split a certificate, or the value of multiple certificates, into specific denominations at the request of the holder of the certificate so they could utilize or transfer the various amounts. The Department would also be required to combine multiple certificates into one certificate at the request of the holder of the certificate. The Department would need to track the expiration dates of the original certificates and include those dates and amounts in certificates that are split or combined. Splitting or combining certificates would not change or extend the period in which each credit that is included in the combined or split certificate must be used.

The bill grants the Department authority to draft regulations to administer the transferable credit program.

Revenue Impact

The revenue impacts of this bill cannot be determined at this time due to the short timeframe to prepare this fiscal note and the lack of knowledge the Department has about how much qualified clean energy would be produced, resulting in clean energy transferable tax credits. It is also impossible to know which tax programs the credits would be claimed against. This bill would have an indeterminate negative impact on overall tax revenue.

Implementation Cost

The cost impacts of this bill cannot be determined at this time until further study and work is done to determine the volume of expected certificates to be issued, transferred, and utilized. The Department has administered a similar program in the past and it created a significant administrative burden to issue, split, combine, track, transfer, reissue, and validate certificates that were claimed for use. That process was done manually in the past. The division would need to determine if it would be cost efficient to utilize the Tax Revenue Management System to automate some of the process. The division would potentially consider utilizing electronic certificates that could be more simply tracked, split combined, and reissued. The division would also explore utilizing a web interface for certificates to be applied for, requests for transfers could be made, and requests for combining or splitting a certificate could be made. A web interface could lighten the administrative burden on the Division. More time would be needed to research the cost of such an interface. The division is unsure at this time if this bill will require additional personnel.