

FISCAL NOTE
Requested by Legislative Council
02/27/2007

REVISION

Bill/Resolution No.: SB 2298

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$2,208,000)	(\$192,000)		
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2298 authorizes the transfer of the income tax credit for geothermal, solar and wind energy devices to qualifying purchasers, redefines power plant capacity for the purposes of tax breaks, and changes the sales tax exemptions for certain power plant and ag processing facility construction.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 allows, but does not require, the income tax credit for geothermal, solar and wind energy devices to be transferred to a purchaser if the sale occurs at the time the installation is complete and the device is fully operational. The amount of tax credits that may be transferred to purchasers, rather than being claimed by the original installer, is not known. This change accommodates the use of turn-key building contracts by the wind power generation industry.

Section 2 reduces the capacity requirement for a power plant to receive a sales tax exemption and creates a new category of power plants that qualify for a sales tax exemption. Currently, there are four plants that are under consideration that would qualify for this exemption. The fiscal impact of the sales tax exemption for these four plants is an estimated reduction in state general fund and state aid distribution fund revenues totaling \$2.4 million for the 2007-09 biennium. (This amount is shown in the boxes, above.) Other qualifying plants may be constructed during the biennium, with an additional fiscal impact that cannot be determined.

Sections 3 and 4 deal with the sales tax exemption for power plants and agricultural commodity processing facilities. These provisions allow contractors to receive the sales tax exemption "up front" without requiring payment of tax by contractors, to be refunded to the plant owner at a later date as required in current law. This will benefit the contractors, the plant owners, and the Tax Department by reducing the administrative burden on each, and will result in no additional revenue loss to the state.

The full extent of the fiscal impact of the tax exemptions and tax credit provision of SB 2298 cannot be computed.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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