

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1628

Amendment Number: H1

Bill Subtitle: TO AMEND THE TAX TREATMENT OF CERTAIN MANUFACTURING EQUIPMENT FOR SOLAR ENERGY PRODUCTION; TO DEFINE "QUALIFYING SOLAR EQUIPMENT"; AND TO EXEMPT THE SALE OF QUALIFYING SOLAR EQUIPMENT FROM SALES AND USE TAX.

Basic Change :

Sponsors: Reps. Hudson, Ennett, Jett

House Amendment No. 1 --- HB1628-H1 (engrossed 3/8/21) adds state agencies and public institutions of higher education to the list of entities who may qualify for the sales and use tax exemption for purchases of qualifying solar energy equipment.

Original Bill --- HB1628 creates a sales and use tax exemption for manufacturing equipment used for solar energy production. Qualifying solar equipment is defined as equipment designed to "capture and store solar energy and convert it to electricity" and "produce up to a maximum peak output of twenty megawatts (20 MW) alternating current of electricity." HB1628 specifies which individuals and entities may qualify for the exemption.

The bill provides for an effective date of the first day of the second calendar month following the effective date of this act. For purposes of the Revenue Impact below, an effective date of September 1, 2021 is assumed.

Revenue Impact :

FY2022

Total Approximate State Sales and Use Tax Loss **\$ - 2,250,000**

(Estimated Effective Date 9/1/21 --- 9 months reduced tax collection)

General Revenue - 4.5%	\$ - 1,509,404
Property Tax Relief - .5%	\$ - 167,712
Conservation Fund - .125%	\$ - 41,928
Educational Adequacy Fund - .875%	\$ - 293,495
Highway Fund - .5%	\$ - 167,712
Educational Excellence Trust Fund -	\$ - .000
Educational Adequacy (GR Transfer) -	\$ - .000
State Central Services -	\$ - 47,250
Constitutional Officers -	\$ - 22,500

Total Approximate Local City and County Sales and Use Tax Loss **\$ - 750,000**

FY2023

Total Approximate State Sales and Use Tax Loss **\$ - 3,115,000**

General Revenue - 4.5%	\$ - 1,857,389
Property Tax Relief - .5%	\$ - 232,187
Conservation Fund - .125%	\$ - 58,047

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Educational Adequacy Fund - .875%	\$ - 406,328
Highway Fund - .5%	\$ - 232,187
Educational Excellence Trust Fund -	\$ - 213,430
Educational Adequacy (GR Transfer) -	\$ - 18,868
State Central Services -	\$ - 65,415
Constitutional Officers -	\$ - 31,150
Total Approximate Local City and County Sales and Use Tax Loss	\$ - 1,038,333

[Statistical information derived using data from the U.S. Solar Market Insight-Executive Summary, Solar Energy Industries Association (SEIA), and the U.S. Census Bureau.]

Taxpayer Impact :

The entities provided in the bill would be exempt from sales and use tax on the purchase of qualifying solar equipment.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the Sales and Use Tax Rules will need to be promulgated.

Other Comments :

None.

Legal Analysis :

None.