

FISCAL NOTE
Requested by Legislative Council
01/18/2021

Bill/Resolution No.: HB 1458

- 1 A. **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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

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

HB 1458 imposes a supplemental wind generation tax, the revenue from which is transferred into the grid reliability and resiliency fund.

- 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 2 of HB 1458 creates a tax equal to fifty percent of any federal production tax credit received by a wind facility in this state that begins production after December 31, 2020. Section 3 of the bill provides that this tax revenue is deposited in the grid reliability and resiliency fund.

The Public Service Commission does not indicate any wind farms currently under construction that would be subject to the tax provisions in this bill. However, below is an example, with some assumptions, of how the provisions of HB 1458, if enacted, would work.

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.*

The tax provisions of HB 1458 would become effective for facilities that begin production after December 31, 2020. Although there are none currently under construction, if a newly built 150 megawatt wind farm began operating at a 45% efficiency rate (capacity factor) it would generate 591,300 megawatt hours of electricity in a calendar year. At the current federal production tax credit rate of \$18 per megawatt hour the wind farm would receive a production tax credit of \$10,643,400. A state tax rate of 50% would generate \$5,321,700 for the Grid Reliability and Resiliency Fund in one calendar year. NOTE: Under current federal law the production tax credit is set to expire by December 31, 2021.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701-328-3402

Date Prepared: 02/01/2021