

LFC Requester:

Graeser



**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2024 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment _____
 Correction _____ Substitute _____

Date Prepared: 01/26/24
 Bill No: HB187

Sponsor: Ferrary
 Short SCHOOL SOLAR TAX
 Title: CREDIT

Agency Name and Code
 Number: PED - 924
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24 | FY25 | | |
| None | None | N/A | NFA |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|--------------|--------------|---------------------------|---------------|
| FY24 | FY25 | FY26 | | |
| Undetermined | Undetermined | Undetermined | N/A | NFA |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY24 | FY25 | FY26 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|-------------------|---------------------------|---------------|
| Total | None | None | None | None | N/A | NFA |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 187 (HB187) would create the School Solar Income Tax Credit, which would provide for a refundable and transferrable tax credit to individual taxpayers who purchase and install photovoltaics on school property to generate electricity for a school building. The provisions of the bill would apply to taxable years beginning on or after January 1, 2024, and ending prior to January 1, 2036.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective May 15, 2024.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

The bill would cap tax credits at \$204 million within a window of applicability from 2024-2026. Forty percent of the various costs of purchase and installation would be eligible for the tax credit.

SIGNIFICANT ISSUES

The bill's provisions only include taxpayers, Taxation and Revenue Department (TRD), and the Environment and Natural Resources Department (ENRD). The Public School Facilities Authority (PSFA) and the local school boards would be excluded from the involvement in purchasing and installing photovoltaics and certifying School Solar Income Tax Credits.

Allowing private citizens to claim a tax credit to pay for the purchase and installation of photovoltaic systems on school property without the involvement or consent of local school districts and charter schools, the PSFA, or the Public Education Department (PED) may pose legal issues, including issues with schools' liability insurance providers.

The bill requires proof of installation for the potential tax credit to be approved, meaning the installation must already have occurred for the tax credit to apply. Yet the bill does not address the actual installation of the equipment or communication among the taxpayer, TRD, or ENRD.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

The provisions of the bill would present numerous legal issues likely to prevent them from being realized if enacted.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

The sponsor may wish to include notification to and participation by local school districts and charter schools in the bill, as well as some form of oversight by either PSFA, the PED, or both. As it stands, there are no procedures regarding notification or oversight for any of those organizations.