

## STATEMENT OF PURPOSE

### RS20716

This legislation extends the sunset date of July 1, 2011 contained in Idaho Code Section 63-3622QQ to December 31, 2014 providing that the taxpayer obtain by October 31, 2011 a power purchase agreement between a utility and the taxpayer for the sale of electricity generated from a wind or solar qualifying facility. Code Section 63-3622QQ provides a rebate of the sales and use tax for purchases of machinery and equipment used in generating electricity using fuel cells, low impact hydro, wind, geothermal resources, biomass, cogeneration, sun or landfill gas as the principal source of power.

### FISCAL NOTE

According to a February 18, 2011 study by the Center for Business and Economic Research at Boise State University, a 160 megawatt wind farm will generate \$77 million in state and local taxes over the 25 year life of the project and would be eligible for approximately \$12 million in sales and use tax rebates. The same study finds that a 2.5 megawatt canal-based small hydro project would generate over \$1.3 million in state and local tax revenues over the life of the project and would be eligible for a sales tax rebate of \$187,718. A separate study by Idaho Economics found that a 300 megawatt wind-farm would result in over \$120 million in revenues to state and local governments over the 25 year life of the project and would be eligible for approximately \$38 million in tax rebates.

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