



March 3, 2022

SUMMARY OF BILL: Creates a business tax deduction of five percent for businesses that are a part of the hospitality and traveling accommodation industry that install an electric vehicle charger. Creates a four percent deduction for retail businesses that install electric vehicle chargers.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$544,300/FY22-23 and Subsequent Years

Decrease Local Revenue – \$566,600/FY22-23 and Subsequent Years

Assumptions:

- The Department of Revenue (DOR) will determine if a business is eligible to receive a deduction through voluntary reporting of installed chargers by businesses, a list of superchargers provided by an electric vehicle manufacturer, and by utilizing an employee of the Special Investigations Section of the DOR to conduct investigations.
- According to Fiscal Review Committee staff estimates, collections from the business tax are estimated to be \$274,300,000 in FY22-23 under current law.
- Based on information from the DOR, it is reasonably estimated that 30 percent of collections raised through the business tax are from businesses in the retail industry and 30 percent are from businesses in the hospitality and traveling accommodation industry.
- The collections raised by businesses in the retail industry are estimated to be \$82,290,000 ($\$274,300,000 \times 30\%$). The collections amount is the same for businesses in the hospitality and traveling accommodation industry.
- Assuming 15 percent of eligible businesses install an electric vehicle charger as a result of the proposed legislation, the collections from compliant businesses in the retail industry are estimated to be \$12,343,500 ($\$82,290,000 \times 15\%$). The collections amount is the same for compliant businesses in the hospitality and traveling accommodation industry.
- The total annual deductions amount given to compliant businesses in the retail industry is estimated to be \$493,740 ($\$12,343,500 \times 4\%$).
- The total annual deductions amount given to complaint businesses in the hospitality and traveling accommodation industry is estimated to be \$617,175 ($\$12,343,500 \times 5\%$).

- The total annual deductions given to complaint businesses as a result of this legislation is estimated to be \$1,110,915 (\$493,740 + \$617,175).
- Based on FY20-21 collections data, approximately 49 percent of business tax collections were allocated to the General Fund and approximately 51 percent were allocated to local governments.
- The decrease in state revenue to the General Fund is estimated to be \$544,348 (\$1,110,915 x 49%) in FY22-23 and subsequent years.
- The decrease in local revenue is estimated to be \$566,567 (\$1,110,915 x 51%) in FY22-23 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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