153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 186**
SPONSOR:	**Representative Hensley**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO BUSINESS TAX CREDITS AND DEDUCTIONS FOR ELECTRICITY PRODUCTION.**

Assumptions:

1. This Act is effective upon signature by the Governor. The tax credits authorized under this Act commence for electric generation entering service between January 1, 2027, and January 1, 2038.
2. This Act establishes the Electricity Production Tax Credit ("EPTC"). The EPTC is a per megawatt-hour (MWh) refundable and transferable tax credit based on the production of electricity by qualifying Combined-Cycle Gas Turbine (CCGT) facilities. The credit can be applied against state corporate tax liability.
3. The EPTC is a tiered tax credit calculated as:
    a. A base EPTC of $4 per MWh.
    b. A bonus EPTC of $1 per MWh for those facilities located on a brownfield site, an existing power plant site or the site of a previous power plant that has ceased operations within ten years of the start of construction of the CCGT facility.
    c. A second bonus EPTC of $1 per MWh for CCGT facilities achieving an efficiency rating of 55% or higher.
    d. A third bonus EPTC of $1 per MWh for CCGT facilities integrating carbon capture technology.
4. EPTCs authorized under this Act are available for a facility for up to ten years after commencing operation. EPTCs are transferable and can be carried forward by a facility's operator for up to ten years.
5. Because the number, size, and characteristics of future sitings of CCGT are unknown, the exact potential general fund revenue loss is indeterminable. However, the following table provides estimates of potential maximum credits that may be realized by CCGT of 100, 300, and 500 MW facilities operating at 60% efficiency for an entire year.

MW	Base Credit	Brownfield or Existing Site Credit	55%+ Efficiency Credit	Carbon Capture Credit	Subtotal	Less overage	Total Maximum Credit
100	$ 2,102,400	$ 525,600	$ 525,600	$ 525,600	$ 3,679,300	$ -	$ 3,679,300
300	$ 6,307,200	$ 1,576,800	$ 1,576,800	$ 1,576,800	$ 11,037,900	$ -	$ 11,037,900
500	$ 10,512,000	$ 2,628,000	$ 2,628,000	$ 2,628,000	$ 18,396,500	$ (3,396,500)	$ 15,000,000

6. The maximum value of EPTCs that may be claimed by an operator is $15 million per year for ten years. EPTCs are available for up to three CCGT generation facilities that each have a total generation capacity of between 100 Megawatts to 500 Megawatts. Accordingly, the maximum amount of credits that may be authorized in any one year is $45 million. Because operators can claim credits for ten years, the maximum fiscal impact (General Fund revenue loss) over the life of the Act is $450 million.

General Fund Revenue loss:

Fiscal Year 2026:	0
Fiscal Year 2027:	Indeterminable
Fiscal Year 2028:	Indeterminable

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Office of the Controller General