February 6, 2018

Mr. Tony Mastin
Executive Director
Oklahoma Tax Commission
2501 N. Lincoln Blvd.
Oklahoma City, OK 73194

Dear Mr. Mastin:

I have been asked to verify several statements made in a letter to legislators from OK WindPower, but my office does not have the data to confirm these statements as your agency is the proper reservoir. Therefore, I am forwarding the letter to you and would appreciate your clarification to ensure this public debate remains based on objective and congruent data.

As you are aware, policy discussions surrounding the Step Up plan have been advancing at a rapid pace. This proposal may provide our best chance yet to address our chronic structural deficit and take several steps in the right direction. With the final pieces of the plan being negotiated, it appears disagreement over tax treatment of the wind power and oil and gas industries is causing delay. Both industries make positive contributions to our communities and state and should be treated accordingly. It is my hope these discussions will be based on solid information and focus solely on creating sound and fair public policy.

I am asking the Oklahoma Tax Commission provide its analysis as quickly as possible on the following questions in response to the enclosed letter. The Joint Committee on Appropriations & Budget is likely to review revenue proposals discussed in this letter in the next few days, so timely response is of utmost importance.

1) In paragraph 7, the letter states, “Furthermore, incentives for wind energy have ended as of July 2017, which means the State of Oklahoma is retaining an additional $50 million in revenue to apply to other priorities.” Is this statement accurate, and if so, will it generate additional revenue to spend in FY-18 or FY-19?

2) The paragraph referenced above states wind incentives ended in 2017, yet it is my understanding companies can accrue incentives until 2027 and can continue to redeem them
thereafter. When do the incentives expire and what is the state’s estimated liability to wind companies on all remaining eligible projects?

3) The letter states the tax burden on new wind energy projects is “4 to 5 times” the amount of oil and gas production projects in Oklahoma. I would define total tax burden as aggregated taxes paid – proprietor and corporate income, payroll, sales, gross production, and ad valorem – but they must be using a different definition, as quadrupling the taxes paid to the state by the oil and gas industry would be a very high bar. Could you confirm their statement or provide input on how it might have been derived?

As always, I appreciate your prompt attention and efforts to equip decision makers with objective analysis so that they can make informed decisions for the betterment of our state.

Warm regards,

Ken Miller
Oklahoma State Treasurer