

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

FREE CONFERENCE COMMITTEE ON SENATE BILL 235

Call to Order: By Senator Halligan, on April 23, 1993, at 1:37 p.m.

ROLL CALL

Members Present:

Sen. Halligan, Chair (D)
Sen. Crippen (R)
Sen. Eck (D)
Sen. Yellowtail (D)
Sen. Brown (R)
Rep. J. Rice, Chair (R)
Rep. Foster (R)
Rep. Hibbard (R)
Rep. Ream (D)
Rep. Swanson (D)

Members Excused: None

Members Absent: None

Staff Present: Greg Petesch, Legislative Council
Lee Heiman, Legislative Council
David Martin, Committee Secretary

Sen. Halligan called the meeting to order at 1:37 p.m.

Discussion:

Sen. Halligan said the Committee would address some technical amendments concerning issues in HB 2 which administer SB 235.

The amendments were designated by letters of the alphabet. Dave Wood, Department of Revenue, (DOR) referred to amendment "H" (Exhibit #1). He said "H" would take the money appropriated in HB 2 and allocate it so it would come out of the Sales and Use Tax Account. He said the money would go to the Department of Revenue for administrative action and the excess would go into the General Fund.

Sen. Halligan asked if the administrative money was already allocated in HB 2. Mr. Wood replied affirmatively.

Sen. Crippen offered an amendment from the Republican caucus (Exhibit #1A) pertaining to personal property taxes. He said the amendment would reduce the rate from 4.5% down to 0%, thus eliminating personal property taxes. He said 168 employees in the Department of Revenue dealt with personal property taxes. He said if SB 235 passed, those same 168 FTEs would be dealing with a greatly reduce amount of personal property taxes. He asked at what point this process would become cost inefficient. He said over the biennium there would be a \$44,800,000 decrease in revenue. He asked the Department of Revenue if that was an annual figure. Judy Painter, DOR, said the loss would be \$44,800,000 annually.

Sen. Crippen asked about administrative cost savings. He said the administrative costs were \$1.3 million, or less that \$10,000 per FTE. He asked what the savings would be, if all of those FTEs were eliminated. Ms. Painter said the Property Division had used numbers prepared for the last session. She said the reduction would be 52 FTEs, not 168 FTEs, with the exemption of agriculture, personal property, and commercial personal property taxes.

Sen. Crippen asked how many FTEs are currently employed in the Personal Property Division. Ms. Painter said there is no specific division for personal property. She said the Assessor's Office handles most of the personal property issues. She said between the assessors and the deputy assessors about 98 people are employed, and that some of the offices have clerical support. She said personal property is the major duty the assessors perform, but not the only duty. She said the Department is "locked into an arrangement" of having an assessor and a deputy assessor, even if personal property taxes were eliminated.

Sen. Crippen asked Sen. Aklestad to give his viewpoint. Sen. Aklestad said he did not get a total administrative cost figure from the Department. He said it was his understanding that personal property was one of the highest cost programs to administer and involved approximately 160 employees including the deputy assessors and assessors. He said of the total amount of time spent in the Department, including the assessment of personal property and real property, that over 70 percent of the time is spent on personal property tax.

Judy Painter said eliminating the taxation of personal property was an entirely different issue than eliminating the positions of the assessors and deputy assessors. She said some of those employees could be assigned to do other duties. She said the assessors and deputy assessors are still in the HB 2 budget and would remain in the budget, even if their job was primarily personal property tax.

Sen. Halligan asked if "those people" handled Class 12 or Class 9 properties. Ms. Painter said Class 8 is the personal property class, and added the assessment staff handled Class 8

assessments. She said in many counties there is only an assessor and a deputy assessor. She said larger counties employed clerks and support people who could be either laid-off or not funded, but added that was not possible in the assessor and deputy assessor classification.

Sen. Halligan asked who handled the centrally assessed property. Ms. Painter said the centrally assessed property was handled from the Helena office.

Sen. Eck said personal property files are being computerized and the process will be much less time consuming in the future. She said, even though the process is more effective, the state will not pay less, since the assessors and deputy assessors remain on the payroll. Ms. Painter agreed and said, there would be no cost reductions, other than a 5 percent across the board cut. She said the assessors and deputy assessors would be left on staff. She said she hoped that personnel would be able to conduct business audits to find an estimated 35 percent of personal property which is not currently on the tax rolls.

Rep. Swanson asked if the purpose of the amendment was to eliminate personal property taxes in order to save administrative costs. Sen. Crippen said the administrative cost saving was not correct and said they would be higher. He said this example illustrates how personal property taxes consume the greatest portion of the administrative cost of taxes collected by the State. He said others in the past, including Sen. Towe and Sen. Gage, had proposed that personal property tax was not worth collecting and should be eliminated. He said the bottom line was to equate taxes to jobs and the economy.

Sen. Halligan asked Senators Eck and Yellowtail, if they supported the amendment. They responded they did not. Sen. Halligan said given the lack of support, the Committee would move on to other items.

Sen. Crippen said the Sheriff and Police had attempted to try and offset the unfair retirement provisions for deputy sheriffs during the Legislature. He said one possibility would be to earmark some of the monies left over from the Sales Tax to go to the deputy sheriff's retirement. He asked Bill Fleiner, Sheriffs and Peace Officers Association, to explain his position.

Bill Fleiner said he would like to amend SB 410 into the Sales Tax. He gave a brief explanation of the retirement system for Sheriffs. He said the cost for the program would be approximately \$1.5 million or about half the cost of the retirement fund for the policemen and the firefighters.

The Committee discussed the issue. Sen Halligan concluded by saying that SB 410 included an appropriation and could not be included since this bill is a referendum. He said that issue would have to be addressed by a future Legislature.

Sen. Halligan said he wanted to discuss the status of the "Winslow" amendment.

Rep. Rice said he had discussed the amendment with different groups and that some informal discussion time might help solidify the amendment. He said he did not know if a formal hearing was the best place to work on the amendment.

Sen. Halligan asked about the general direction of the amendment. Rep. Rice said he was not sure. He referred to amendment #7 of the House amendments and asked if there was a better way to structure it.

Sen. Halligan asked about income tax reduction. He said the problem of the 2-11% rate, was that the 11% rate would be one of the highest in the nation. He said the flat rate of 6% was "right in the middle". He said that rate would not be a "red flag" or an impediment to business. He said he was unclear about the intent of sub 2 and he did not like amendment #7 at all. He asked for input from Senators Eck and Yellowtail.

Sen. Yellowtail said he was concerned with the statement of intent in subsection 1 of the House amendments. He asked how it would be structured mechanically. He said a one-time reduction in property tax would be good, but added taxpayers may not understand why their taxes will continue to rise after that. He said it might be asking for a "firestorm" of taxpayer protest.

Sen. Eck said she shared Sen. Yellowtail's concern. She said the \$40 million necessary for school equalization could be raised from the sales tax, but could not yet be appropriated. She said in the long term it might be wise to donate any "left over" revenue towards debt reduction, for example, the Governor's Stabilization Account. She said the reduction should be a one-time occurrence and not a continuing process.

Sen. Crippen said, in reference to the "6%" rate, there were other ways to reduce the rate from 6% to 5.9%. He said one way would be to make income tax relief up to the discretion of the Legislature. He said increasing deductions could be another way to reduce the rate.

Rep. Hibbard said the "Winslow" amendment was probably the reason the sales tax passed the House by 2 votes. He said the property tax and income tax relief in SB 235 is significant. He cited a decrease in income tax from 11% to 6% and in personal property tax from 9% to 4 1/2%. He said for many Representatives in the House, the true intent of tax reform is more tax relief and less new money. He said it was a "touchy" amendment which needed to be considered carefully and needed to address the excess revenue. He said unless this amendment was handled carefully, it would have difficulty getting through the House.

Rep. Swanson said other problems had surfaced since the "Winslow Amendment" had been addressed on the House floor, for example, the reference to "all funds not appropriated".

Rep. Ream said amendments #1 and #7 should be separated. He said some people had minimized the significance of amendment #1. He said the intent expressed is significant because it is part of the referendum on which the people will be voting. He said amendment #7 is "one-time only money".

Sen. Halligan said including revenue for education and human services would be critical for maintaining support for SB 235 in the Senate.

The Committee decided to deal with an amendment from the Governor.

Rick Hill, Governor's Office, said the amendment (Exhibit #2) would change the centrally assessed properties and increase the generation tax. He said the proposed amendments would allow facilities in the development stage to receive a window of opportunity. Mr. Hill said the plants would have to be on-line by Jan. 1, 1997, and then the generation tax would be phased in over a 15-year period of time. It would also bring the properties to the 4 1/2% property tax rate that is now on competitive generation facilities.

Sen. Halligan asked if the amendment would have a revenue impact. Mr. Hill said there was none since it involves only prospective plants.

Sen. Halligan asked for comment from any industry people which might be affected.

Jerry Peterson, Montana Power Company, said the administration was trying to deal with the problems of planned power generation, but this was not a good amendment.

Rep. Swanson said by decreasing the personal property tax on electric generating companies such as Montana Power, and increasing the electrical generation tax would exclude companies which produce only natural gas. She said Great Falls Gas and Cut Bank Gas were examples. She said there could be a tax on natural gas to compensate, but added the electrical generation tax would have to be adjusted so that Montana Power was revenue neutral. She brought this point to the Committee's attention to see if it was worth addressing.

Dave Wood, Department of Revenue, said to share equally all gas companies would have to be exempted because of the way Montana Power is organized. Jerry Peterson said Montana Power Company made the proposal to reduce the centrally assessed property tax rates and to substitute that with an increase in the electrical generation tax. Montana Power followed Sen. Waterman's Bill

which was neutral to Montana Power but increased the taxes to the State. He said there was no convenient tax that would tax only the gas utilities.

Sen. Eck asked if this meant the gas companies were getting a "tax break". Mr. Peterson said the companies which produced only gas, i.e. not providing electrical services, would get a break. Sen. Eck asked how many companies would be affected. Mr. Peterson said the two major companies were Great Falls Gas and Montana Dakota Utilities.

The Committee recessed at 2:35 p.m. until 4 p.m., at which time the Committee would deal with the energy amendment and the "Winslow" amendments.

Senator Halligan reconvened the meeting at 4:26 p.m with all members present.

Motion:

Sen. Crippen MOVED THE "Co-op" AMENDMENTS TO SB 235 (Exhibit #3).

The Committee discussed the fact that some of the original proponents of these amendments had "backed away" and were not interested in the amendments in their current form.

Rep. Foster asked how this amendment was different from the "Mary Lou Peterson" amendment which had been defeated on the floor of the House. Jerry Peterson, MPC, said the difference was that the initial amendment was applicable to only 26 USC 501 C 12, constructors of generating plants. The "new" amendment would be applicable to any constructor of a generating plant.

Sen. Crippen asked if the "new" amendment would apply to both co-ops and non co-ops. Mr. Peterson said some small hydro producers were planning to construct generating stations and were concerned the higher tax rates would jeopardize their projects. He said the amendment would provide a "window of opportunity" for plants constructed after the effective date and prior to 1997. Sen. Crippen asked if the amendment applied to co-ops as well. Mr. Peterson replied affirmatively.

Sen. Brown asked if there had been a substantive change in the amendment since the recess. Rick Hill said the differences were: 1) The previous version did not have the January 1997 date, and 2) The previous section did not have the property tax provisions which would subject the generating facilities to the same property tax rate.

Sen. Brown asked if this amendment had originated with Representative Peterson. Mr. Hill said the independent generation facilities felt they would be negatively impacted. He said companies which have contracts with Montana Power would be "grandfathered in". He said this may not apply to all co-ops. He said this amendment would address those facilities presently

in the planning or developmental stage, and added the facility would have to be in production by January 1, 1997.

Sen. Halligan asked why the rate was changed to 4.5%. Mr. Hill said it would be unfair to have both a property tax and a generation tax advantage. He explained the compromise was that the property tax would remain the same and that the generation tax would be phased-in. He said all facilities would be treated equally since it applied to all independent generators.

Rep. Hibbard asked how the "January 1, 1997" date had been determined. Mr. Hill said that date was suggested to the administration. He said they wanted to be fair and to treat everyone equally.

The Committee raised the question of rates under which the co-ops would be taxed, and tried to determine if that would create a legal problem.

Mr. Peterson said all generating property would be taxed at 4.5% of its market value. He said the only property that would be affected by the amendment would be generating property constructed by a co-op. He added that would be taxed at 3%.

Sen. Eck asked whether a co-op, who took advantage of the window of opportunity, would be taxed at 3% or 4.5%. Mr. Peterson said the generating property would be taxed at 4.5% and the rest of the property would be taxed at 3%.

Rep. Foster said currently there is a difference in the electric generation rate. He said any plants constructed after January 1, 1997 would be under a new scenario and on equal footing.

Sen. Yellowtail said plants which come on line after 1997 would be eligible for the 3% rate. He said there is a small group of plants in the planning stage now, which will come on-line prior to 1997 and will be taxed at a 4.5% rate. He said that disparity raises a legal question.

Mr. Hill said the disparity already exists since a co-op would presently be taxed at 3% where other facilities would be taxed at 4.5%.

Sen. Halligan said any generating facility, no matter when it is constructed, owned by a co-op would be taxed at 4.5%.

Vote:

The Motion CARRIED with Sen. Yellowtail voting NO. (See Roll Call Vote 3A).

Discussion:

The Committee discussed tentative changes to the Winslow amendments so they could discuss them in their caucuses during the recess.

At 5:04 p.m. Sen. Halligan recessed the meeting until 7 p.m.

Sen. Halligan reconvened the meeting at 7:02 p.m with all members present.

Sen. Halligan said the "Co-op" amendment adopted earlier was drafted to be placed in Section 14 but should actually be in Section 13. He said the Committee should reconsider the amendment and move it to its proper section.

Motion/Vote:

Rep. Rice MOVED TO RECONSIDER THE ADOPTION OF THE "CO-OP" AMENDMENT. The motion CARRIED UNANIMOUSLY.

Motion/Vote:

Sen. Crippen MOVED THE RE-DRAFTED CO-OP AMENDMENT (Exhibit #4). The motion CARRIED with Senators Halligan and Yellowtail, and Rep. Ream voting NO.

Sen. Halligan said the Committee needed to work on the "Winslow" amendments.

Rep. Rice said the Republican Caucus was in favor of keeping the amendments as they were adopted by the House.

Sen. Halligan said that would not include changes to Section 7, talking about an equalization account. He reviewed the amendment's current status and asked for a motion.

Rep. Ream said he was very disappointed with the intransigence of the House Republicans, who had no intention compromising. He said amendment #7 was poorly constructed.

Sen. Crippen said he did not want to see this session "end on this note". He asked Rep. Ream if he would be able to support the measure.

Rep. Ream said he did not think the intent of amendment #7 was clear. He said if the intent was to lock up any additional revenue in the future and not return the money to the taxpayers, then "that could sway votes".

Sen. Halligan said the minutes could reflect that this action was not binding beyond the 1994-95 biennium.

Rep. Rice said he thought Rep. Winslow's personal intent was to encourage a permanent, long-term reduction in property tax, but that this specific action was limited to one biennium.

Rep. Swanson said in Section 7 the amounts of \$57 million and \$250 million were given. She asked if those figures were net revenues and asked if that should be specified.

Sen Eck said the Legislature needed to give the staff the authority to "plug in" the correct numbers once they received the data from the Department of Revenue. Sen. Halligan asked if those figures could be estimated at the present time.

Rep. Ream said he had no problem with the \$250 million cap.

Sen. Crippen asked Rep. Ream if he would support the Committee's actions in light of the changes. Rep. Ream said he would support the Committee's action and try to maintain the number of votes from previous actions in the House. He said some Representatives were unhappy with the removal of the "necessities of life" concerning hygiene. He said that was a serious proposal. Sen. Crippen said he realized that was a serious concern.

Rep. Ream said he wanted to address the use of "statewide" in relation to mill levies. He said the caucus felt the word "statewide" should be deleted to allow flexibility in school funding.

The Committee agreed on the deletion.

Vote:

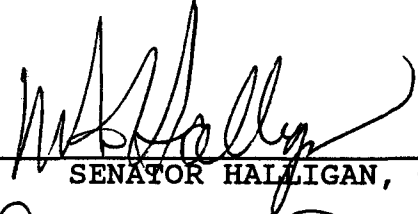
The motion on the "Winslow" amendments CARRIED in a Roll Call Vote with Rep. Ream voting NO. (See Roll Call 7:14 p.m.)

Motion/Vote:

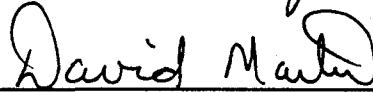
Sen. Brown MOVED TO ADOPT THE CONFERENCE COMMITTEE REPORT (Exhibit #5). The motion CARRIED in a Roll Call Vote with Sen. Halligan and Rep. Ream voting NO. (See Roll Call 7:15 p.m.)

ADJOURNMENT

Adjournment: Meeting adjourned at 7:17



SENATOR HALLIGAN, Chair



DAVID MARTIN, Secretary

MH/dm

Free Conference Committee
on Senate Bill No. 235
Report No. 1, April 23, 1993

Page 1 of 3

Mr. President and Mr. Speaker:

We, your Free Conference Committee on Senate Bill No. 235, met and considered: Senate Bill No. 235 in its entirety. We recommend that Senate Bill No. 235 (reference copy - salmon) be amended as follows:

1. Page 2, line 23.

Strike: "NOT APPROPRIATED OR"

Following: "ESTIMATES"

Insert: "pursuant to 5-18-107"

2. Page 3, line 1.

Strike: "STATEWIDE"

3. Page 3, line 3.

Strike: "THE FLAT RATE PERCENTAGE OF THE"

4. Page 3, line 4.

Strike: "TAX FROM 6%"

Insert: "taxes"

5. Page 21.

Following: line 6

Insert: "(10) Publishers who contract for newspaper delivery services shall include the sales tax in the newspaper subscription price and shall collect and pay the tax to the department. The contract carrier is not responsible for collection of the sales tax and payment to the department."

6. Page 25, lines 13 and 14.

Following: "services" on line 13

Strike: remainder of line 13 through "PRODUCTS" on line 14

7. Page 25, line 25.

Strike: ";"

8. Page 26, lines 1 through 3

Strike: line 1 through "DIAPERS" on line 3

9. Page 61, line 17.

Strike: "(6)"

Insert: "(5) through (7) and (13) and [section 125]"

10. Page 61, line 19.

Strike: "AND"

ADOPT

REJECT

892056CC.Sma

11. Page 61, line 23.

Following: "~~AND~~"

Insert: "(b) the amount appropriated to the department of revenue in [House Bill No. 2] for the purpose of administering [this act]; and"

Renumber: subsequent subsection

12. Page 62, line 1.

Strike: "SUBSECTION"

Insert: "subsections"

Following: "(1)(a)"

Insert: "and (1)(b)"

13. Page 62, lines 18 and 20.

Following: "MILLION"

Insert: ", plus vendor allowances and administrative costs,"

14. Page 62, line 23.

Strike: "STATEWIDE"

15. Page 62, lines 24 and 25.

Strike: "THE FLAT RATE PERCENTAGE OF THE"

Strike: "TAX FROM 6%" on line 25

Insert: "taxes"

16. Page 135.

Following: line 12

Insert: "(b) property, including property owned by rural electric cooperatives, placed in service after June 8, 1993, for the purpose of generating, manufacturing, or producing electricity or electrical energy, except for pollution control facilities included in class five;"

Renumber: subsequent subsections

17. Page 258, line 18.

Strike: "subsection"

Insert: "subsections"

Following: "(2)"

Insert: "and (3)"

18. Page 259.

Following: line 22

Insert: "(3) Notwithstanding the provisions of subsections (1) and (2), the tax rate on all electricity and electrical energy generated, manufactured, or produced from a facility or from an additional generating unit of a facility placed in service after June 8, 1993, and prior to January 1, 1997, is as follows:

- (a) \$.0002 per kilowatt hour commencing on the first day of commercial operation of the facility or of an additional generating unit of a facility through the end of the calendar quarter ending 5 years after the first day of commercial operation;
- (b) \$.0008 per kilowatt hour for the next 5 years;
- (c) \$.0016 per kilowatt hour for the next 5 years; and
- (d) \$.00252 per kilowatt hour thereafter."

And that this Free Conference Committee report be adopted.


For the Senate:



Senator Halligan, Chair



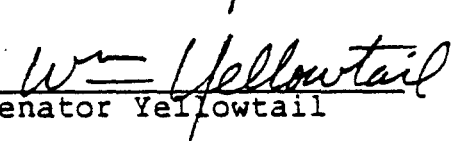
Senator Brown



Senator Cribben

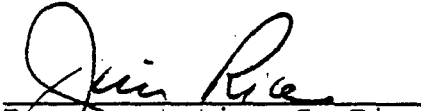


Senator Eck



Senator Yellowtail

For the House:




Representative J. Rice, Chair




Representative Foster



Representative Hibbard



Representative Ream



Representative Swanson

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Amd. Coord.
mi
Sec. of Senate

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Amendments to Senate Bill No. 235
Reference Reading Copy

Requested by DOR
For the Free Conference Committee

Prepared by Greg Petesch
April 23, 1993

1. Page 61, line 19.
Strike: "AND"

2. Page 61, line 23.
Following: "AND"
Insert: "(b) the amount appropriated to the department of
revenue in [House Bill No. 2] for the purpose of
administering [this act]; and"
Renumber: subsequent subsection

3. Page 62, line 1.
Strike: "SUBSECTION"
Insert: "subsections"
Following: "(1) (a) "
Insert: "and (1) (b) "

Exhibit #1
SB 235
4-23-93

CLASS 8 RATE CHANGES FROM 4.5% TO 0

Revenue Decrease

	<u>FY'94</u>	<u>FY'95</u>	<u>Biennium Total</u>
Class 8	(\$10,960,000)	(\$32,540,000)	(\$43,500,000)
Railroad/Airlines	<u>--</u>	<u>(1,300,000)</u>	<u>(1,300,000)</u>
Total	(\$10,960,000)	(\$33,840,000)	(\$44,800,000)

Administrative Cost Savings

Exemption of Agricultural Personal Property			(\$828,166)*
Exemption of Commercial Personal Property			<u>(538,911)*</u>
Total			(\$1,367,077)

* 1988 estimates from executive budget modified recommendations

Carroll

Amendments to Senate Bill No. 235
Reference (Salmon) Copy

Requested by Rep. Mary Lou Peterson
For the Committee of the Whole

Prepared by Dave Bohyer
April 23, 1993

1. Page 258, line 18.

Strike: "subsection"

Insert: "subsections"

Following: "(2)"

Insert: "and (3)"

2. Page 259.

Following: line 22

Insert: "(3)(a) Notwithstanding the provisions of subsections (1) and (2), the tax rate is the rate provided in subsection (3)(b) per kilowatt hour on all electricity and electrical energy generated, manufactured, or produced by a person or organization that is tax-exempt under 26 U.S.C. 501(c)(12) and that on [the effective date of this section] is engaged in the development, planning, siting, permit application process, or contracting for fuel or engineering services for the purpose of producing or delivering electricity or electrical energy.

(b) The tax rate is:

- (i) \$.0002 per kilowatt hour beginning on the first day of commercial operation through the end of the calendar quarter ending 5 years after the first day of operation;
- (ii) \$.0008 for the next 5 years;
- (iii) \$.0016 for the next 5 years; and
- (iv) \$.00252 thereafter."

Σx #3
SB 235
4-23-93

April 23, 1993

PROPOSED AMENDMENTS TO SENATE BILL 235
Reference (Salmon) Copy

1. Page 256, line 16.
Strike: "subsection"
Insert: "subsections"
Following: "(2)"
Insert: "and (3)"

Vote @ 4:45 PM

2. Page 257, line 20.
Following: line 20
Insert: "(3) Notwithstanding the provisions of subsections (1) and (2), the tax rate on all electricity and electrical energy generated, manufactured or produced from a facility, or an additional generating unit of a facility, placed in service after [the effective date of this section] and prior to January 1, 1997 shall be as follows: (a) \$.0002 per kilowatt hour commencing on the first day of commercial operation of the facility, or additional generating unit of a facility, through the end of the calendar quarter ending five years after such first day of commercial operation; (b) \$.0008 per kilowatt hour for the next five years; (c) \$.0016 per kilowatt hour for the next five years; and (d) \$.00252 per kilowatt hour thereafter."

3. Page 137, line 18.
Following: line 17
Insert: "NEW SECTION. Section []. 15-6-[]. Class [fourteen] property -- description -- taxable percentage. (1) Class [fourteen] property includes all properties placed in service after [the effective date of section 178] for the purposes of generating, manufacturing or producing electricity or electrical energy, except for pollution control facilities included in class five.

(2) Class [fourteen] property is taxed at 4.5% of market value."

4:45 P.M.

Amendments to Senate Bill No. 235
Reference Reading Copy

For the Free Conference Committee

Prepared by Lee Heiman
April 23, 1993

Exhibit #4
SB 235
4-23-93

1. Page 135.

Following: line 12

Insert: "(b) property, including property owned by rural electric cooperatives, placed in service after June 8, 1993, for the purpose of generating, manufacturing, or producing electricity or electrical energy, except for pollution control facilities included in class five;"

Renumber: subsequent subsections

2. Page 258, line 18.

Strike: "subsection"

Insert: "subsections"

Following: "(2)"

Insert: "and (3)"

3. Page 259.

Following: line 22

Insert: "(3) Notwithstanding the provisions of subsections (1) and (2), the tax rate on all electricity and electrical energy generated, manufactured, or produced from a facility or from an additional generating unit of a facility placed in service after June 8, 1993, and prior to January 1, 1997, is as follows:

(a) \$.0002 per kilowatt hour commencing on the first day of commercial operation of the facility or of an additional generating unit of a facility through the end of the calendar quarter ending 5 years after the first day of commercial operation;

(b) \$.0008 per kilowatt hour for the next 5 years;

(c) \$.0016 per kilowatt hour for the next 5 years; and

(d) \$.00252 per kilowatt hour thereafter."

A

Amendments to Senate Bill No. 235
Reference Reading Copy

For the Free Conference Committee

Prepared by Greg Petexch
April 23, 1993

Exhibit # 5
SB 235
4-23-93

1. Page 2, line 23.

Strike: "NOT APPROPRIATED OR"

Following: "ESTIMATES"

Insert: "pursuant to 5-18-107"

2. Page 3, line 1.

Strike: "STATEWIDE"

3. Page 3, line 3.

Strike: "THE FLAT RATE PERCENTAGE OF THE"

4. Page 3, line 4.

Strike: "TAX FROM 6%"

Insert: "taxes"

5. Page 21.

Following: line 6

Insert: "(10) Publishers who contract for newspaper delivery services shall include the sales tax in the newspaper subscription price and shall collect and pay the tax to the department. The contract carrier is not responsible for collection of the sales tax and payment to the department."

6. Page 25, lines 13 and 14.

Following: "services" on line 13

Strike: remainder of line 13 through "PRODUCTS" on line 14

7. Page 25, line 25.

Strike: ";"

8. Page 26, lines 1 through 3

Strike: line 1 through "DIAPERS" on line 3

9. Page 61, line 17.

Strike: "(6)"

Insert: "(5) through (7) and (13) and [section 125]"

10. Page 61, line 19.

Strike: "AND"

11. Page 61, line 23.

Following: "AND"

Insert: "(b) the amount appropriated to the department of revenue in [House Bill No. 2] for the purpose of administering [this act]; and"

Renumber: subsequent subsection

12. Page 62, line 1.
Strike: "SUBSECTION"
Insert: "subsections"
Following: "(1)(a)"
Insert: "and (1)(b)"

13. Page 62, lines 18 and 20.
Following: "MILLION"
Insert: ", plus vendor allowances and administrative costs,"

14. Page 62, line 23.
Strike: "STATEWIDE"

15. Page 62, lines 24 and 25.
Strike: "THE FLAT RATE PERCENTAGE OF THE"
Strike: "TAX FROM 6%" on line 25
Insert: "taxes"

16. Page 135.
Following: line 12
Insert: "(b) property, including property owned by rural electric cooperatives, placed in service after June 8, 1993, for the purpose of generating, manufacturing, or producing electricity or electrical energy, except for pollution control facilities included in class five;"
Re-number: subsequent subsections

17. Page 258, line 18.
Strike: "subsection"
Insert: "subsections"
Following: "(2)"
Insert: "and (3)"

18. Page 259.
Following: line 22
Insert: "(3) Notwithstanding the provisions of subsections (1) and (2), the tax rate on all electricity and electrical energy generated, manufactured, or produced from a facility or from an additional generating unit of a facility placed in service after June 8, 1993, and prior to January 1, 1997, is as follows:
 (a) \$.0002 per kilowatt hour commencing on the first day of commercial operation of the facility or of an additional generating unit of a facility through the end of the calendar quarter ending 5 years after the first day of commercial operation;
 (b) \$.0008 per kilowatt hour for the next 5 years;
 (c) \$.0016 per kilowatt hour for the next 5 years; and
 (d) \$.00252 per kilowatt hour thereafter."