

CHAPTER NO. 666

HOUSE BILL NO. 649

INTRODUCED BY KEMMIS, KESSLER, FAGG, VINCENT,
KEEDY, ROSKIE, McBRIDE, THOFT

IN THE HOUSE

February 8, 1979	Introduced and referred to Committee on Business and Industry.
February 20, 1979	Committee recommend bill do pass. Report adopted.
February 21, 1979	Second reading, do pass as amended.
February 22, 1979	Correctly engrossed.
February 23, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 23, 1979	Introduced and referred to Committee on Business and Industry.
March 24, 1979	Statement of Intent adopted. Committee recommend bill and Statement of Intent be concurred in as amended. Report adopted.
March 26, 1979	Second reading, pass consideration.
March 27, 1979	On motion taken from second reading and rereferred to Committee on Taxation.
April 17, 1979	Committee recommend bill and Statement of Intent be concurred in as amended. Report adopted.

April 18, 1979

Second reading, concurred in as amended.

On motion rules suspended. Bill placed on Calendar for third reading this day.

Third reading, concurred in as amended.

IN THE HOUSE

April 19, 1979

Returned from second house with Statement of Intent. Concurred in as amended.

Second reading, amendments rejected.

On motion Free Joint Conference Committee requested and appointed.

April 20, 1979

Free Joint Conference Committee reported.

Second reading, adopted.

Third reading, adopted.

Adopted by Senate.

Sent to enrolling.

Reported correctly enrolled.

1 House BILL NO. 649
 2 INTRODUCED BY Hammis Kuler PHOTO VINCENT
 3 Keedy Kochie McBride THOPT

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC
 5 UTILITIES AND FINANCIAL INSTITUTIONS TO MAKE LOW-INTEREST
 6 LOANS FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF
 7 ENERGY GENERATION SYSTEMS; AMENDING SECTION 15-32-107, MCA."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 15-32-107, MCA, is amended to read:

11 "15-32-107. Loans by utilities and financial
 12 institutions — tax credit for interest differential. (1) A
 13 public utility providing electricity or natural gas may
 14 install or pay for the installation of energy conservation
 15 materials or recognized nonfossil forms of energy generation
 16 systems in a dwelling. The utility may agree with the
 17 occupant of the dwelling that the occupant shall reimburse
 18 the utility for its expenditure in periodic installment
 19 payments added to the occupant's regular bill for
 20 electricity or natural gas. The utility may charge interest
 21 not exceeding the equivalent of a rate of 7% per year on the
 22 declining balance of the sum advanced.

23 (2) A financial institution as defined in 32-6-103 may
 24 offer and make loans at an interest not to exceed a rate of
 25 7% per year on the declining balance of the sum advanced for

1 the purpose of installing recognized nonfossil forms of
 2 energy generation systems in a dwelling.

3 ~~(2)(3)~~ A public utility or a financial institution
 4 lending money under this section may compute the difference
 5 between interest it actually receives on such transactions
 6 and the interest which would have been received at the
 7 prevailing average interest rate for home improvement loans,
 8 as prescribed in rules made by the public service
 9 commission. The utility may apply the difference so computed
 10 as a credit against its tax liability for the electrical
 11 energy producer's license tax under 15-51-101 or for the
 12 corporation license tax under chapter 31, part 1. The
 13 financial institution may apply the difference so computed
 14 as a credit against its tax liability for the corporation
 15 license tax under chapter 31, part 1.

16 ~~(3)(4)~~ The public service commission may make rules to
 17 implement this section."

-End-

STATE OF MONTANA

REQUEST NO. 362-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 13, 19 79, there is hereby submitted a Fiscal Note for House Bill 649 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This proposed bill allows public utilities and financial institutions to make low-interest loans for installation of recognized nonfossil forms of energy generation systems.

FISCAL IMPACT

The fiscal impact of this proposed law cannot be determined with any precision; however, it is believed that the effect of the proposal upon corporation tax collections should be minimal.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Tracy for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/17/79

1 STATEMENT OF INTENT RE: HB 649

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4 A statement of intent is required for HB 649 in that it
5 delegates authority in section 1 which may have the effect
6 of requiring the public service commission to adopt some
7 additional rules relating to loans for nonfossil forms of
8 energy generation.

9 It is intended that such rules set forth a mechanism
10 for determining on a periodic basis the prevailing average
11 interest rate for home improvement loans. In the case of new
12 construction, the rules should also set forth a mechanism
13 for apportioning the total amount of interest charged
14 between the nonfossil form of energy generation and the
15 value of the remainder of the structure. It is further
16 intended that woodburning stoves are not included in the
17 definition of nonfossil forms of energy generation for
18 purposes of this act.

19 First adopted by the Senate Business and Industry
20 Committee on the 24th day of March, 1979.

HOUSE BILL NO. 649

INTRODUCED BY KEMMIS, KESSLER, FAGG, VINCENT,

KEEDY, ROSKIE, McBRIDE, THOFT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC UTILITIES AND FINANCIAL INSTITUTIONS TO MAKE LOW-INTEREST LOANS FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS; AMENDING SECTION 15-32-107, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-107, MCA, is amended to read:

"15-32-107. Loans by utilities ~~and financial institutions~~ -- tax credit for interest differential. (1) A public utility providing electricity or natural gas may install or pay for the installation of energy conservation materials ~~or recognized nonfossil forms of energy generation systems~~ in a dwelling. The utility may agree with the occupant of the dwelling that the occupant shall reimburse the utility for its expenditure in periodic installment payments added to the occupant's regular bill for electricity or natural gas. The utility may charge interest ~~not-exceeding-the equivalent of 10~~ a rate of BETWEEN 5% AND 7% per year on the declining balance of the sum advanced.

~~(2) A financial institution as defined in 32-6-103 may offer and make loans at an interest not-to-exceed-a rate of~~

~~BETWEEN 5% AND 7% per year on the declining balance of the sum advanced for the purpose of installing recognized nonfossil forms of energy generation systems in a dwelling.~~

~~(2)(3) A public utility or a financial institution lending money under this section may compute the difference between interest it actually receives on such transactions and the interest which would have been received at the prevailing average interest rate for home improvement loans, as prescribed in rules made by the public service commission. The utility may apply the difference so computed as a credit against its tax liability for the electrical energy producer's license tax under 15-51-101 or for the corporation license tax under chapter 31, part 1. The financial institution may apply the difference so computed as a credit against its tax liability for the corporation license tax under chapter 31, part 1.~~

~~(3)(4) The public service commission may make rules to implement this section."~~

-End-

1 STATEMENT OF INTENT RE: HB 649

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5 delegates authority in section 1 which may have the effect
6 of requiring the public service commission to adopt some
7 additional rules relating to loans for nonfossil forms of
8 energy generation.

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10 for determining on a periodic basis the prevailing average
11 interest rate for home improvement loans. In the case of new
12 construction, the rules should also set forth a mechanism
13 for apportioning the total amount of interest charged
14 between the nonfossil form of energy generation and the
15 value of the remainder of the structure. It is further
16 intended that woodburning stoves are not included in the
17 definition of nonfossil forms of energy generation for
18 purposes of this act.

19 IT IS FURTHER THE SPECIFIC INTENT OF THE LEGISLATURE
20 THAT ANY REDUCTION IN A UTILITY'S TAXES UNDER THIS LAW SHALL
21 BE REFLECTED IN THE TAX FIGURES SUBMITTED FOR RATE PURPOSES
22 TO THE MONTANA PUBLIC SERVICE COMMISSION. THE TAX FIGURE
23 USED FOR RATE PURPOSES SHALL HAVE BEEN REDUCED BY THE AMOUNT
24 OF THE CREDIT.

25 First adopted by the Senate Business and Industry
Committee on the 24th day of March, 1979.

Amended 4/17/79

1 STATEMENT OF INTENT RE: HB 649

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A statement of intent is required for HB 649 in that it delegates authority in section 1 which may have the effect of requiring the public service commission to adopt some additional rules relating to loans for nonfossil forms of energy generation.

It is intended that such rules set forth a mechanism for determining on a periodic basis the prevailing average interest rate for home improvement loans. In the case of new construction, the rules should also set forth a mechanism for apportioning the total amount of interest charged between the nonfossil form of energy generation and the value of the remainder of the structure. It is further intended that woodburning stoves are not included in the definition of nonfossil forms of energy generation for purposes of this act.

IT IS FURTHER THE SPECIFIC INTENT OF THE LEGISLATURE THAT ANY REDUCTION IN A UTILITY'S TAXES UNDER THIS LAW SHALL BE REFLECTED IN THE TAX FIGURES SUBMITTED FOR RATE PURPOSES TO THE MONTANA PUBLIC SERVICE COMMISSION. THE TAX FIGURE USED FOR RATE PURPOSES SHALL HAVE BEEN REDUCED BY THE AMOUNT OF THE CREDIT.

First adopted by the Senate Business and Industry

HB 649

HOUSE BILL NO. 649

INTRODUCED BY KEMMIS, KESSLER, FAGG, VINCENT,
KEEDY, ROSKIE, McBRIDE, THOFT

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC UTILITIES ~~AND FINANCIAL INSTITUTIONS~~ AND FINANCIAL INSTITUTIONS TO MAKE LOW-INTEREST LOANS FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS; AMENDING SECTION 15-32-107, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-107, MCA, is amended to read:

"15-32-107. Loans by utilities ~~and financial institutions~~ AND FINANCIAL INSTITUTIONS -- tax credit for interest differential. (1) A public utility providing electricity or natural gas may install or pay for the installation of energy conservation materials ~~or recognized nonfossil forms of energy generation systems~~ in a dwelling. The utility may agree with the occupant of the dwelling that the occupant shall reimburse the utility for its expenditure in periodic installment payments added to the occupant's regular bill for electricity or natural gas. The utility may charge interest ~~not exceeding the not exceeding the equivalent of 10% of a rate of BETWEEN 5% AND 7% per year~~ AT A RATE NOT LESS THAN 2 PERCENTAGE POINTS BELOW THE

~~DISCOUNT RATE ON 90-DAY COMMERCIAL PAPER IN EFFECT AT THE FEDERAL RESERVE BANK IN THE NINTH FEDERAL RESERVE DISTRICT on the declining balance of the sum advanced FOR THE INSTALLATION OF ENERGY CONSERVATION MATERIALS. THE UTILITY SHALL CHARGE INTEREST EQUIVALENT TO A RATE BETWEEN 5% AND 7% PER YEAR ON THE DECLINING BALANCE OF THE SUM ADVANCED FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS.~~

~~(2) A financial institution as defined in 32-6-103 may offer and make loans at an interest not to exceed a rate of BETWEEN 5% AND 7% per year on the declining balance of the sum advanced for the purpose of installing recognized nonfossil forms of energy generation systems in a dwelling.~~
A FINANCIAL INSTITUTION AS DEFINED IN 32-6-103 MAY DEFER AND MAKE LOANS AT AN INTEREST RATE NOT LESS THAN 2 PERCENTAGE POINTS BELOW THE DISCOUNT RATE ON 90-DAY COMMERCIAL PAPER IN EFFECT AT THE FEDERAL RESERVE BANK IN THE NINTH FEDERAL RESERVE DISTRICT.

~~(3) A public utility or a financial institution~~ OR A FINANCIAL INSTITUTION lending money under this section may compute the difference between interest it actually receives on such transactions and the interest which would have been received at the prevailing average interest rate for home improvement loans, as prescribed in rules made by the public service commission. The utility may

1 apply the difference so computed as a credit against its tax
2 liability for the electrical energy producer's license tax
3 under 15-51-101 or for the corporation license tax under
4 chapter 31, part 1, PROVIDED THE REDUCTION IN TAXES
5 RESULTING FROM THIS CREDIT IS REFLECTED IN THE TAX FIGURES
6 SUBMITTED TO THE MONTANA PUBLIC SERVICE COMMISSION FOR RATE
7 PURPOSES. ~~The financial institution may apply ONE HALF the~~
8 ~~difference so computed as a credit against its tax~~
9 ~~liability for the corporation license tax under chapter~~
10 ~~31, part 1.~~ THE FINANCIAL INSTITUTION MAY APPLY THE
11 DIFFERENCE SO COMPUTED AS A CREDIT AGAINST ITS TAX LIABILITY
12 FOR THE CORPORATION LICENSE TAX UNDER CHAPTER 31 OR PART 1.
13 ~~(3)(4)(5)~~ The public service commission may make
14 rules to implement this section AS IT SHALL APPLY TO PUBLIC
15 UTILITIES ONLY.

-End-

1 HOUSE BILL NO. 649
 2 INTRODUCED BY KEMMIS, KESSLER, FAGG, VINCENT,
 3 KEEDY, ROSKIE, McBRIDE, THOFT
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 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW PUBLIC
 6 UTILITIES ~~AND FINANCIAL INSTITUTIONS~~ AND FINANCIAL
 7 INSTITUTIONS TO MAKE LOW-INTEREST LOANS FOR INSTALLATION OF
 8 RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS;
 9 AMENDING SECTION 15-32-107, MCA."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12 Section 1. Section 15-32-107, MCA, is amended to read:
 13 "15-32-107. Loans by utilities ~~and financial~~
 14 ~~institutions~~ AND FINANCIAL INSTITUTIONS -- tax credit for
 15 interest differential. (1) A public utility providing
 16 electricity or natural gas may install or pay for the
 17 installation of energy conservation materials ~~or recognized~~
 18 ~~nonfossil forms of energy generation systems~~ in a dwelling.
 19 The utility may agree with the occupant of the dwelling that
 20 the occupant shall reimburse the utility for its expenditure
 21 in periodic installment payments added to the occupant's
 22 regular bill for electricity or natural gas. The utility may
 23 charge interest ~~not exceeding the~~ ~~NOT EXCEEDING THE~~
 24 ~~equivalent of 10 percent of~~ ~~BEETWEEN 5% AND 7% PER YEAR~~
 25 ~~AT A RATE NOT LESS THAN 2 PERCENTAGE POINTS BELOW THE~~

1 ~~DISCOUNT RATE ON 90-DAY COMMERCIAL PAPER IN EFFECT AT THE~~
 2 ~~FEDERAL RESERVE BANK IN THE NINTH FEDERAL RESERVE DISTRICT~~
 3 ~~NOT EXCEEDING THE EQUIVALENT OF 7% PER YEAR~~ on the declining
 4 balance of the sum advanced ~~FOR THE INSTALLATION OF ENERGY~~
 5 ~~CONSERVATION MATERIALS. THE UTILITY SHALL CHARGE INTEREST~~
 6 ~~EQUIVALENT TO A RATE BETWEEN 5% AND 7% PER YEAR ON THE~~
 7 ~~DECLINING BALANCE OF THE SUM ADVANCED FOR INSTALLATION OF~~
 8 ~~RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS.~~

9 ~~(2) A financial institution as defined in 32-6-103~~
 10 ~~may offer and make loans at an interest not to exceed a rate~~
 11 ~~of BETWEEN 5% AND 7% per year on the declining balance of~~
 12 ~~the sum advanced for the purpose of installing recognized~~
 13 ~~nonfossil forms of energy generation systems in a dwelling.~~
 14 A FINANCIAL INSTITUTION AS DEFINED IN 32-6-103 MAY OFFER AND
 15 MAKE LOANS AT AN INTEREST RATE NOT LESS THAN 2 PERCENTAGE
 16 POINTS BELOW THE DISCOUNT RATE ON 90-DAY COMMERCIAL PAPER IN
 17 EFFECT AT THE FEDERAL RESERVE BANK IN THE NINTH FEDERAL
 18 RESERVE DISTRICT.

19 ~~(2)(3)~~ (3) A public utility ~~or financial~~
 20 ~~institution~~ OR A FINANCIAL INSTITUTION lending money under
 21 this section may compute the difference between interest it
 22 actually receives on such transactions and the interest
 23 which would have been received at the prevailing average
 24 interest rate for home improvement loans, as prescribed in
 25 rules made by the public service commission. The utility may

1 apply the difference so computed as a credit against its tax
 2 liability for the electrical energy producer's license tax
 3 under 15-51-101 or for the corporation license tax under
 4 chapter 31, part 1. ~~PROVIDED THE REDUCTION IN TAXES~~
 5 ~~RESULTING FROM THIS CREDIT IS REFLECTED IN THE TAX FIGURES~~
 6 ~~SUBMITTED TO THE MONTANA PUBLIC SERVICE COMMISSION FOR RATE~~
 7 ~~PURPOSES. THE PUBLIC SERVICE COMMISSION SHALL REGULATE~~
 8 ~~RATES IN SUCH A MANNER THAT A UTILITY MAKING LOANS UNDER~~
 9 ~~THIS SECTION MAY NOT MAKE A PROFIT AS THE RESULT OF THIS~~
 10 ~~SECTION. The financial institution may apply ONE HALF the~~
 11 ~~difference so computed as a credit against its tax~~
 12 ~~liability for the corporation license tax under chapter~~
 13 ~~31, part 1. THE FINANCIAL INSTITUTION MAY APPLY THE~~
 14 ~~DIFFERENCE SO COMPUTED AS A CREDIT AGAINST ITS TAX LIABILITY~~
 15 ~~FOR THE CORPORATION LICENSE TAX UNDER CHAPTER 31, PART 1.~~
 16 (4) A UTILITY MAY NOT CLAIM A TAX CREDIT UNDER THIS
 17 SECTION EXCEEDING \$200,000 IN ANY TAX YEAR. A FINANCIAL
 18 INSTITUTION MAY NOT CLAIM A TAX CREDIT UNDER THIS SECTION
 19 EXCEEDING \$2,000 IN ANY TAX YEAR.
 20 ~~(5) The public service commission may make~~
 21 rules to implement this section AS IT SHALL APPLY TO PUBLIC
 22 UTILITIES ONLY."

-End-

March 24, 1979

SENATE STANDING COMMITTEE REPORT
(Business & Industry)

That House Bill No. 649, third reading bill, be amended as follows:

1. Page 1, line 22.

Following: "~~the~~"

Insert: "not exceeding the"

Following: "equivalent of"

Strike: "TO"

Insert: "of"

Following: "rate of"

Strike: "BETWEEN 5% AND"

Insert: "of"

2. Page 1, line 23.

Following: "advanced"

Insert: "for the installation of energy conservation materials.

The utility shall charge interest equivalent to a rate between 5% and 7% per year on the declining balance of the sum advanced for installation of recognized nonfossil forms of energy generation systems"

3. Page 2, line 14.

Following: "apply"

Insert: "one-half"

April 17, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 649, third reading bill, be amended as follows:

1. Title, line 6.
Following: "UTILITIES"
Strike: "AND FINANCIAL INSTITUTIONS"
2. Page 1, line 12.
Following: "utilities"
Strike: "and financial institutions"
3. Page 1, line 22.
Following: "the"
Strike: "equivalent TO a rate BETWEEN 5% AND 7% per year"
Insert: "at a rate not less than 2 percentage points below the
discount rate on 90-day commercial paper in effect at the
federal reserve bank in the ninth federal reserve district"
4. Page 1, line 24.
Following: line 23
Strike: subsection (2) in its entirety
Renumber: subsequent subsections
5. Page 2, line 4.
Following: "utility"
Strike: "or a financial institution"
6. Page 2, lines 13-16.
Following: "part 1"
Strike: remainder of line 13 and lines 14-16
Insert: ", provided the reduction in taxes resulting from this
credit is reflected in the tax figures submitted to the Montana
public service commission for rate purposes."

April 18, 1979

SENATE COMMITTEE OF THE WHOLE

That House Bill No. 649, third reading bill, be amended as follows:

1. Title, line 6.

Following: "~~AND-FINANCIAL-INSTITUTIONS~~"

Insert: "AND FINANCIAL INSTITUTIONS"

2. Page 1, line 12.

Following: "~~and-financial-institutions~~"

Insert: "and financial institutions"

3. Page 2, line 3.

Following: "~~dwelliing.~~"

Insert: "(2) A financial institution as defined in 32-6-103 may offer and make loans at an interest rate not less than 2 percentage points below the discount rate on 90-day commercial paper in effect at the federal reserve bank in the ninth federal reserve district."
renumber: subsequent subsections.

4. Page 2, line 4.

Following: "~~or-a-financial-institution~~"

Insert: "or a financial institution"

5. Page 2, line 13.

Following: "part 1"

Insert: ", provided the reduction in taxes resulting from this credit is reflected in the tax figures submitted to the Montana public service commission for rate purposes."

6. Page 2, line 16.

Following: "part 1."

Insert: "The financial institution may apply the difference so computed as a credit against its tax liability for the corporation license tax under chapter 31, or part 1."

7. Page 2, line 18.

Following: "section"

Insert: "as it shall apply to public utilities only."