

HOUSE BILL NO. 569

INTRODUCED BY KEMMIS, DOVER, BARDANOUVE, VINCENT,  
GALT, KEATING, HALLIGAN, McBRIDE, BOYLAN, QUILICI,  
MENAHAN, KOLSTAD, ECK, ROTH, BERTELSEN, HARRINGTON,  
SEIFERT, LORY, JENSEN, J. JACOBSON

IN THE HOUSE

January 29, 1981	Introduced and referred to Committee on Business and Industry.
January 31, 1981	Fiscal note requested.
February 5, 1981	Fiscal note returned.
February 13, 1981	Committee recommend bill do pass as amended. Report adopted.
February 14, 1981	Bill printed and placed on members' desks.
February 17, 1981	Second reading, do pass.
February 18, 1981	Correctly engrossed.
February 19, 1981	Third reading, passed. Ayes, 89; Noes, 8. Transmitted to Senate.

IN THE SENATE

February 20, 1981	Introduced and referred to Committee on Taxation.
March 23, 1981	Committee recommend bill be concurred in. Report adopted.
March 25, 1981	Second reading, concurred in.
March 27, 1981	Third reading, concurred in. Ayes, 45; Noes, 5.

IN THE HOUSE

March 28, 1981

Returned from Senate. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.

*Molt Keating*  
*Hollyon*  
*McBride*

HOUSE BILL NO. 569

INTRODUCED BY

*Kemmis, Dorr, Bandman, Vincent, Boyle, Zuhler, Mankin, Howard, Cae Rota, Beitzler, Hammett, Siefert, Long, Johnson, Goolsby*

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING UTILITY

LOANS FOR INSTALLATION OF RECOGNIZED NONFOSSIL FORMS OF ENERGY GENERATION SYSTEMS IN A DWELLING ON THE SAME BASIS AS UTILITY LOANS FOR INSTALLATION OF ENERGY CONSERVATION SYSTEMS IN A DWELLING; AND RAISING THE TAX CREDIT CEILING ON SUCH LOANS BY UTILITIES AND FINANCIAL INSTITUTIONS; 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 7% per year 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 and 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 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 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 public service commission shall regulate rates in such a manner that a utility making loans under this section may not make a profit as the result of this section. 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.

INTRODUCED BILL

*HB 569*

LC 2320/01

1           (4) A utility may not claim a tax credit under this  
2 section exceeding ~~\$200,000~~ \$500,000 in any tax year. A  
3 financial institution may not claim a tax credit under this  
4 section exceeding \$2,000 in any tax year.

5           (5) The public service commission may make rules to  
6 implement this section as it shall apply to public utilities  
7 only."

-End-

STATE OF MONTANA

REQUEST NO. 278-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 569 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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.

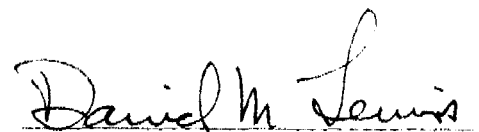
DESCRIPTION

An act authorizing utility loans for installation of recognized nonfossil forms of energy generation systems in a dwelling on the same basis as utility loans for installation of energy conservation systems in a dwelling; raising the tax credit ceiling on such loans by utilities and financial institutions.

FISCAL IMPACT

The fiscal impact of this proposal cannot be estimated. The law as applied to loans for energy conservation purposes has given rise to corporation license and electrical energy producer's tax credits totaling \$76,552 for fiscal 1979, 1980 and part of fiscal 1981.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-81

Approved by Committee  
on Business and Industry

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10 UTILITY LOANS FOR INSTALLATION OF ENERGY CONSERVATION  
11 SYSTEMS IN A DWELLING; AND RAISING THE TAX CREDIT CEILING ON  
12 SUCH LOANS BY UTILITIES AND FINANCIAL INSTITUTIONS;  
13 PROVIDING AN IMMEDIATE EFFECTIVE DATE; AND AMENDING SECTION  
14 15-32-107, MCA."

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8 and 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 rate not less than 2  
11 percentage points below the discount rate on 90-day  
12 commercial paper in effect at the federal reserve bank in  
13 the ninth federal reserve district.

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

1 not make a profit as the result of this section. The  
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5 (4) A utility may not claim a tax credit under this  
6 section exceeding ~~\$200,000~~ \$500,000 in any tax year. A  
7 financial institution may not claim a tax credit under this  
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9 (5) The public service commission may make rules to  
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12 SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON  
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