

Senate Bill 172

In The Senate

January 17, 1981	Introduced and referred to Committee on Taxation. Fiscal note requested.
January 24, 1981	Fiscal note returned.
March 20, 1981	Committee recommend bill do pass as amended.
March 21, 1981	Bill printed and placed on members' desks.
March 23, 1981	Second reading pass consideration.
March 24, 1981	On motion taken from second reading and referred to Committee on Rules.
March 26, 1981	Referred to Committee on Taxation. Committee recommend bill do not pass. On motion Senate reconsider its action taken on Adverse Committee Report. Motion adopted.
April 2, 1981	Bill printed and placed on members' desks.
April 3, 1981	Second reading indefinitely postponed.
April 4, 1981	On motion Senate reconsider its action taken on second reading previous legislative day and ordered placed on second reading. Motion adopted.
April 6, 1981	Second reading do pass as amended. On motion rules suspended. Bill placed on calendar for third reading this day. Third reading not passed.

1 *Amended* BILL NO. *172*
 2 INTRODUCED BY *Mansley Brand*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO TAX PRIVATELY
 5 GENERATED ELECTRICITY TRANSPORTED THROUGH A PUBLICLY OWNED
 6 TRANSMISSION SYSTEM; ALLOCATING TAXABLE VALUES TO COUNTIES;
 7 PROVIDING FOR PAYMENT OF THE TAX; REQUIRING REGISTRATION OF
 8 ELECTRICITY TRANSPORTERS; PROVIDING FOR INSPECTION OF BOOKS;
 9 AND PROVIDING A PENALTY FOR FAILURE TO REGISTER."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Short title. [This act] may be cited as the
 13 "Electricity Transporters" Tax Act".

14 Section 2. Tax on transported electricity. A county
 15 through which electricity and electric energy produced in a
 16 privately owned generating plant is transported in a
 17 transmission system owned by an agency of federal, state, or
 18 local government may levy upon that electricity and electric
 19 energy for revenue equal to that which an identical
 20 privately owned transmission system would yield under the
 21 property taxation statutes of Montana.

22 Section 3. Allocation of taxable value. A sum equal to
 23 the taxable value of private property identical to the
 24 portion of a publicly owned transmission system sited in a
 25 county, if classified, appraised, and assessed under

1 15-6-140(1)(c), shall be allocated by the department of
 2 revenue to the county as the taxable value of the
 3 electricity and electric energy produced at a privately
 4 owned generating plant and transported over the system
 5 during the last previous calendar year and shall be subject
 6 to taxation under the same laws and procedures as other
 7 private property in the state.

8 Section 4. Payment of tax. The person, company, or
 9 consortium producing the electricity and electric energy
 10 assessed under [section 3] shall be responsible for payment
 11 of the tax as required by 15-16-102 and shall be subject to
 12 the provisions of 15-16-102.

13 Section 5. Registration of electrical energy
 14 transporters. On or before March 31 of each year, the
 15 person, company, or consortium responsible for payment of
 16 the tax under [section 4] shall register with the department
 17 of revenue and inform the department of its activity as such
 18 transporter of electricity and electric energy through a
 19 transmission system owned by an agency of the federal,
 20 state, or local government during the year ended on the last
 21 December 31.

22 Section 6. Inspection of books of transporter. The
 23 books and records of any transporter of electricity or
 24 electric energy are subject to inspection by the department
 25 of revenue, its agents, or employees during reasonable

-2- INTRODUCED BILL
 SB 172

1 hours.

2 Section 7. Failure of transporter to register. A
3 transporter who fails to register with the department of
4 revenue under [section 5] is liable, in a civil action
5 instituted in a court of competent jurisdiction in the name
6 of the state of Montana, for three times the amount of the
7 tax that would have been levied on the transported
8 electricity and electric energy and in such suit, upon
9 application of the state, an injunction may be issued,
10 without requiring any bond, enjoining the defendant from
11 continuing to transport electricity or electric energy until
12 each county authorized to levy a tax under [section 2] has
13 received an amount equal to three times the amount of
14 payments due it plus interest and the registration has been
15 completed as required by [section 5].

-End-

STATE OF MONTANA

REQUEST NO. 150-81
REVISED

FISCAL NOTE

Form BD-15

In compliance with a written request received March 16, 1981, there is hereby submitted a Fiscal Note for SENATE BILL 172 AMENDED 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 to increase the tax on electricity from \$.0002 per kilowatt hour to \$.0005 per kilowatt hour; allocating the increased tax to counties that have tax exempt transmission systems running through them; and providing an effective date.

ASSUMPTIONS

1. The Department of Revenue's Electrical Energy Producer Tax forecasts are correct.
2. The proposal would affect the collections of one quarter of fiscal year 1982 but 2 quarters of the collections would be subject to the distribution formula.

FISCAL IMPACT

	FY 82	FY 83
Electrical Energy Producer Tax		
Under current law	\$ 2 M	\$ 2 M
Under proposed law	<u>2.75 M</u>	<u>5 M</u>
Estimated Increase	\$ 0.75 M	\$ 3 M
FUND INFORMATION		
General Fund		
Under current law	\$ 2 M	\$ 2 M
Under proposed law	<u>1.7 M</u>	<u>2 M</u>
Estimated Increase/Decrease	(\$ 0.3 M)	\$ 0 M
Distribution to Counties		
Under current law	\$ 0 M	\$ 0 M
Under proposed law	<u>1.05 M</u>	<u>3 M</u>
Estimated Increase	\$1.05 M	\$ 3 M

EFFECT ON LOCAL GOVERNMENTS

Under the proposal's definition of transmission systems, the following are estimates of the revenue that would accrue to counties:

	FY 82	FY 83
Broadwater	\$63,000	\$180,000
Jefferson	134,400	384,000
Powell	147,000	420,000
Granite	105,000	300,000
Missoula	294,000	840,000
Sanders	<u>306,600</u>	<u>876,000</u>
TOTAL	1,050,000	3,000,000

David M. Leary

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-17-81

CONTINUED ON PAGE 2.

STATE OF MONTANA

REQUEST NO. 150-81

FISCAL NOTE

Form BD-15

In compliance with a written request received March 16, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 172 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.

Page 2.

LONG RANGE EFFECTS

Tax collections (& distributions to counties) would increase with the completion of Colstrip 3 & 4 and, in the more distant future, Resource 89.

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date:

STATE OF MONTANA

REQUEST NO. 150-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 81, there is hereby submitted a Fiscal Note for SENATE BILL 172 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

An act to tax privately generated electricity transported through a publicly owned transmission system.

ASSUMPTION

1. The maximum tax revenue that could be generated from the proposal is equal to the property tax that would accrue if the line were taxed as class eleven property.
2. Colstrip 3 & 4 and the proposed BPA line from Townsend to Hot Springs will be completed by FY 1983. (yielding lines from Townsend to the Idaho border or approximately 250 miles)
3. Transmission lines similar to the proposed BPA lines (500KV) cost \$456,000 per mile.
4. The average county mill levy is 170 mills and 6 mills for the university levy.
5. County tax revenue is calculated by apportioning the total tax liability on the basis of the proportion of the mileage of the line in each county to the total mileage in the state.

FISCAL IMPACT

University Levy	FY 82	FY 83
Estimated Increase	NO EFFECT	\$82,080

EFFECT ON LOCAL GOVERNMENT

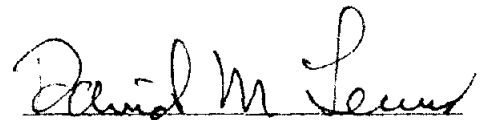
The maximum revenue that would accrue to the counties in FY 83 is as follows:

Broadwater	\$139,536
Jefferson	\$297,676
Powell	\$325,584
Granite	\$232,560
Missoula	\$651,168
Sanders	\$679,075
Total	\$2,325,599

TECHNICAL NOTE

Colstrip 3 & 4 are not expected to come on line until calendar year 1983. Furthermore, it is questionable whether the BPA lines will be completed in this time frame.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-24-81

Approved by Committee
on Taxation

1 SENATE BILL NO. 172

2 INTRODUCED BY MANLEY, BRAND

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAX ON
5 PRIVATELY GENERATED ELECTRICITY TRANSPORTED--THROUGH--A
6 PUBLICLY-OWNED-TRANSMISSION-SYSTEM FROM \$0.0002 PER KILOWATT
7 HOURLY TO \$0.0005 PER KILOWATT HOUR; ALLOCATING TAXABLE-VALUES
8 THE INCREASED TAX TO COUNTIES THAT HAVE TAX EXEMPT
9 TRANSMISSION SYSTEMS RUNNING THROUGH THEM; PROVIDING-FOR
10 PAYMENT-OF-THE-TAX-REQUIRING-REGISTRATION-OF-ELECTRICITY
11 TRANSPORTERS;--PROVIDING--FOR--INSPECTION-OF--BOOKS;--AND
12 PROVIDING--A--PENALTY--FOR--FAILURE--TO--REGISTER. AMENDING
13 SECTIONS 15-51-101 AND 15-51-103, MCA; AND PROVIDING AN
14 EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 Refer to Introduced Bill

18 (Strike everything after the enacting clause and insert:)

19 Section 1. Section 15-51-101, MCA, is amended to read:

20 "15-51-101. Rate of tax -- electrical energy
21 producers. In addition to the license tax now provided by
22 law, each person or other organization now engaged in the
23 generation, manufacture, or production of electricity and
24 electrical energy in the state of Montana, either through
25 waterpower or by any other means, for barter, sale, or

1 exchange (and hereinafter referred to as the "producer")
2 shall on or before the 30th day after each calendar quarter,
3 quarterly periods ending March 31, June 30, September 30,
4 and December 31, render a statement to the department of
5 revenue showing the gross amount, except for actual and
6 necessary plant use, required to produce the energy of
7 electricity and electrical energy produced, manufactured, or
8 generated during the preceding calendar quarter without any
9 deduction and shall pay a license tax thereon in the sum of
10 ~~\$0.0002~~ \$0.0005 per kilowatt hour on all such electricity and
11 electrical energy generated, manufactured, or produced,
12 measured at the place of production and as shown on the
13 statement required in the manner and within the time
14 hereinafter provided."

15 Section 2. Section 15-51-103, MCA, is amended to read:

16 "15-51-103. Disposition of revenue -- interest on
17 delinquency. The department of revenue shall receipt
18 therefor and promptly turn ~~the--same~~ 40% of the amount
19 collected over to the state treasurer and the remaining 60%
20 shall be disposed of under the provisions of [sections 3
21 through 5]. Taxes not met on the due date shall become
22 delinquent, and a penalty of 10% plus interest at the rate
23 of 1% per month or fraction of a month computed on the total
24 of tax and penalty shall be charged."

25 NEW SECTION. Section 3. Transmission system defined.

1 For purposes of [sections 3 through 5] the term
2 "transmission system" means an electrical energy
3 transmission system that is exempt from property taxation
4 because it is owned by the federal, state, or local
5 government or agency thereof.

6 NEW SECTION. Section 4. Department of revenue to
7 assess transmission systems. The department of revenue shall
8 assess the transmission systems located in each county as
9 though they were privately owned and subject to Montana's
10 property tax.

11 NEW SECTION. Section 5. Apportionment among counties.
12 The department of revenue shall distribute 60% of the
13 electrical energy producers tax imposed by 15-51-101 among
14 the counties according to the ratio that each county's
15 assessed value of the transmission systems located in that
16 county bears to the total assessed value of all transmission
17 systems in the state.

18 Section 6. Effective date. This act is effective on
19 January 1, 1982, and applies to taxable years beginning
20 after December 31, 1981.

-End-

1 SENATE BILL NO. 172

2 INTRODUCED BY MANLEY, BRAND

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ~~INCREASE THE TAX ON~~
5 ~~PRIVATELY GENERATED ELECTRICITY TRANSPORTED THROUGH A~~
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9 VALUES ~~THE INCREASED TAX~~ TAXABLE VALUES TO COUNTIES ~~THAT~~
10 ~~HAVE TAX-EXEMPT TRANSMISSION SYSTEMS RUNNING THROUGH THEM;~~
11 ~~PROVIDING FOR PAYMENT OF THE TAX; REQUIRING REGISTRATION OF~~
12 ~~ELECTRICITY TRANSPORTERS; PROVIDING FOR INSPECTION OF BOOKS;~~
13 ~~AND PROVIDING A PENALTY FOR FAILURE TO REGISTER. AMENDING~~
14 ~~SECTIONS 15-51-101 AND 15-51-103, NEAR AND PROVIDING AN~~
15 ~~EFFECTIVE DATE.~~ PROVIDING FOR PAYMENT OF THE TAX; REQUIRING
16 REGISTRATION OF ELECTRICITY TRANSPORTERS; PROVIDING FOR
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23 Section 1. Short title. [This act] may be cited as the
24 "Electricity Transporters' Tax Act".

25 Section 2. Tax on transported electricity. There is a

1 tax levied on electricity and electric energy produced in a
2 privately owned generating plant that is transported in a
3 transmission line owned by an agency of federal, state, or
4 local government capable of transmitting at least 500
5 kilovolts in the amount of \$0.0004 per kilowatt hour
6 measured at the point the electricity or electric energy
7 enters the transmission line. If a power corridor contains
8 more than one transmission line, the total transmitting
9 capacity of the transmission lines within the corridor shall
10 be used to determine whether the transmission line is
11 capable of transmitting at least 500 kilovolts.

12 Section 3. Allocation of taxable value. The department
13 of revenue shall determine the taxable value of the portion
14 of a publicly owned transmission system sited in each
15 county, as if it were classified, appraised, and assessed
16 under 15-6-140(1)(c), and shall allocate revenue collected
17 under this section to the county as that county's portion of
18 the taxable value of the line relates to the total taxable
19 value of each line.

20 Section 4. Payment of tax. The person, company, or
21 consortium producing the electricity and electric energy
22 assessed under [section 3] shall be responsible for payment
23 of the tax as required by 15-16-102 and shall be subject to
24 the provisions of 15-16-102.

25 Section 5. Registration of electrical energy

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2 person, company, or consortium responsible for payment of
3 the tax under [section 4] shall register with the department
4 of revenue and inform the department of its activity as such
5 transporter of electricity and electric energy through a
6 transmission system owned by an agency of the federal,
7 state, or local government during the year ended on the last
8 December 31.

9 Section 6. Inspection of books of transporter. The
10 books and records of any transporter of electricity or
11 electric energy are subject to inspection by the department
12 of revenue, its agents, or employees during reasonable
13 hours.

14 Section 7. Interest on delinquency. Taxes not paid on
15 the due date shall become delinquent, and a penalty of 10%
16 plus interest at a rate of 1% per month or fraction of a
17 month computed on the total of tax and penalty shall be
18 charged.

-End-