

Fiscal Note Request SB0193, As Introduced

(continued)

- i. removing the January 1, 2008 sunset date, thereby allowing the rate reduction for coal used in an electrical generation facility constructed *anytime* after December 31, 2001; and
 - ii. removing the requirement that one-half the power produced from the facility must be sold at a cost approved by the PSC. (Half the power must still be sold at a cost that reflects the producer's cost of generating the electricity plus a reasonable rate of return, but this cost no longer must be approved by the PSC. Instead, the electrical producer is to provide, upon request of the Department of Revenue, documentation of the offer and the cost involved in the offer.)
3. This bill takes effect October 1, 2005.
 4. This bill has no impact on revenues in the 2007 biennium (see long-term impacts).
 5. This bill has no impact on administrative costs of the Department of Revenue.

Department of Public Service Regulation

6. There is no fiscal impact for the Department of Public Service Regulation, Public Service Commission.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None

LONG-RANGE IMPACTS:

Currently there are at least four new coal-fired facilities that are either under construction, have been permitted, or are being discussed in Montana. None of these projects is impacted by this bill. However, removing the January 1, 2008 sunset date could allow generation facilities built in coming biennia to qualify for the lower tax rate. In that event, general fund revenues will be reduced commensurate with the amount of coal that is used in facilities qualifying for the rate reduction.