

## HOUSE JOINT RESOLUTION NO. 26

INTRODUCED BY B. WAGNER

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4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF  
5 MONTANA REQUESTING AN INTERIM STUDY TO INVESTIGATE THE ADVANTAGES OF IMPOSING A TAX  
6 ON ENERGY PRODUCTION AND CONSUMPTION TO REPLACE OR REDUCE EXISTING TAX SOURCES;  
7 AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY BE REPORTED TO THE 63RD  
8 LEGISLATURE.

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10 WHEREAS, energy usage, including electricity and solid, liquid, and gas fuels, by individuals and  
11 businesses may be a more reliable gauge of economic activity than income, property value, or other taxable  
12 events; and

13 WHEREAS, a tax based on energy use could replace or at least reduce reliance on other methods of  
14 taxation while being broad-based and encouraging energy conservation at the same time; and

15 WHEREAS, the broader the base of a tax the more the burden is spread among taxpayers and the less  
16 contentious and less discriminatory a tax becomes; and

17 WHEREAS, with an energy-based tax, all energy consumers become taxpayers; and

18 WHEREAS, a taxpayer has a concrete method for reducing the amount of an energy-based tax through  
19 conservation of energy use instead of relying on artificial and arbitrary loopholes in more progressive taxes; and

20 WHEREAS, a tax based on energy consumption is administratively simple and reliable and does not  
21 require multiple reporting of income, expenses, depreciation values, appraisals, and other complex, burdensome,  
22 and expensive factors to arrive at the amount of tax owed; and

23 WHEREAS, such a tax would encourage business investment because more efficient production reduces  
24 energy consumption per unit of production and thus lowers the marginal tax rate for each unit produced without  
25 burdening the new investment property; and

26 WHEREAS, an energy tax, like a property tax, can be identified with a physical location for many types  
27 of consumption and can function as a source of local government tax revenue; and

28 WHEREAS, as an energy-producing state and a state that has never studied the use of taxation of energy  
29 consumption as an indicator of economic value, a study by the Revenue and Transportation Interim Committee  
30 may arrive at a fair and administratively effective method of taxation.

1 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE  
2 STATE OF MONTANA:

3 That the Legislative Council be requested to designate an appropriate interim committee or statutory  
4 committee, pursuant to section 5-5-217, MCA, to:

5 (1) review taxation of energy consumption, including energy-related transmission and transportation, to  
6 tax each source of energy comparably with each other source;

7 (2) determine logical rates and brackets for different energy types and the revenue that could be  
8 expected if the rates were imposed on energy consumption in the state;

9 (3) review the types of current taxes that should be eliminated or reduced based on the revenue and  
10 consumers of the energy;

11 (4) analyze compliance and administrative costs associated with a tax based on energy consumption;  
12 and

13 (5) evaluate the long-term advantages and disadvantages of revising the state's tax base by imposing  
14 a tax on energy consumption.

15 BE IT FURTHER RESOLVED, that the study consider the knowledge and advice of individual taxpayers,  
16 tax policy experts, business, industry, and agriculture groups, the department of revenue, economic development  
17 organizations, and other persons with knowledge of energy sales, use, and conservation.

18 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review  
19 requirements, be concluded before September 15, 2012.

20 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,  
21 comments, or recommendations of the committee, be reported to the 63rd Legislature.

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