

Wheatland county has three wind farms.

The first for Wheatland County and the first large project in the State was the Judith Gap Wind Farm built by Invenergy.

The tax abatement/impact fee process was followed and Invenergy had no questions or problems in paying the .5% for each of three years.

Then came the Shawmut wind project. It was initiated by Volkswind who sold it to Goldwind. During the process Goldwind questioned 15-24-3004 Montana Codes. The question that came up was that they should only have to pay .5% of project costs of 3 years, as opposed to the County's reading of the statute to be .5% for each of three years.

Ultimately the issue was resolved in favor of the County by researching the Legislative history of the statute. I have made copies of that and I believe they have been handed around.

That History says:

Proposed Legislation-New Tax Class 14 at 1.5% tax rate and Impact Fees up to 1/5 % of capital investment paid over three years.

The Fiscal Note that went with the proposed Legislation reads: Local governments and schools tax base would be reduced from facilities that would have been built under the current tax structure with current tax rates. Assuming the aforementioned large facility located near Judith Gap in Wheatland County would have been built without SB115 local governments and schools would lose tax base of approximately \$6.4 million in taxable value in tax year 2006 and beyond.

LOCAL GOVERNMENTS, INCLUDING SCHOOLS WILL BE ALLOWED TO IMPOSE AN IMPACT FEE OF 5% DURING THE FIRST THREE YEARS A COMMERCIAL WIND FACILITY

Montana's Energy Resource: The Wind

- Boost to Local Economy - New Jobs, More Business, Expand Tax Base, & Increase Tourism
- State Land Lease at Judith Gap will add \$750,000 to \$1,350,000 of Revenue to the State School Trust Fund
- Montana's Wind Energy Projects Compete with Other States and call for Property Tax Equalization
- Proposed Legislation: New Tax Class 14 at 1.5% tax rate and Impact Fee up to 1.5% of capital investment paid over 3 years
- New or Expanding Industry Abatement (MCA 15-24-1402) unchanged



Senate Energy & Telecom Comm.
 Exhibit No. 4
 Date 11/21/2015
 Bill No. SB 111

~~SENATE TAXATION~~
~~DATE 1/13/05~~
~~EXHIBIT NO. 5~~
~~BILL NO. 115~~

Wheatland County		10 Year Total	20 Year Total	Average (¢/kWh)
Property Tax on 150 Megawatts of Comparative Energy Projects				
Natural Gas	\$5,988,625	\$10,760,354	0.08¢	
Coal	\$3,663,000	\$16,785,254	0.08¢	
Wind	\$24,042,639	\$42,143,393	0.46¢	
Wind Proposed Legislation	\$8,485,660	\$13,010,848	0.14¢	

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Fiscal Note Request SB0115, As Amended in House Tax
(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments and schools tax base would be reduced from facilities that would have been built under the current tax structure with current tax rates. Assuming the aforementioned large facility located near Judith Gap in Wheatland County would have been built without SB 115, local governments and schools would lose tax base of approximately \$6.4 million in taxable value in tax year 2006 and beyond.

Local governments, including schools will be allowed to impose an impact fee of 0.5% during the first three years a commercial wind facility produces generation. These monies may be expanded for any purpose allowed by law.

LONG-RANGE IMPACTS:

This bill could have significant long-range impacts. Revenue will be lost from facilities that would have been built under the current tax structure with current tax rates. In addition, property in this new class 14, except for property owned by rural electric cooperatives, would be considered commercial property and would be included in the class 12 tax rate calculation. The new lower rate would reduce the taxable rate for class 12 property (railroad and airlines).

TECHNICAL NOTES:

1. New section 1(d) refers to "wind generation facilities owned or operated by cooperative rural electric associations or a noncentrally assessed public utility; DESCRIBED UNDER 15-6-137. 15-6-137, MCA, describes rural electric cooperatives in class 7 property. If 15-6-137, MCA, is amended in the future, this new section of law would need to be amended also. The bill would be clearer if it included the description of cooperative rural electric associations in the description of class 14, instead of referencing the class 7 description in 15-6-137, MCA.