

Wholesale Energy Tax

Revenue Description

The wholesale energy transaction tax is imposed on the amount of electricity transmitted by a transmission services provider in the state.

Statutory Reference

Tax Rate – [15-72-104\(1\), MCA](#)

Tax Distribution – [15-72-106\(3\), MCA](#)

Date Due – 30th day of the month following the end of the calendar quarter ([15-72-110, MCA](#))

Applicable Tax Rates

The tax rate of \$0.15 per megawatt is applied to the number of megawatt hours transmitted. If the electricity is produced in state and sold out of state, the taxpayer is the owner of the electrical generation property, and the tax is collected by the transmission services provider. If the electricity is produced in-state for delivery in-state, or is produced outside the state for delivery in-state, the taxpayer is the distribution services provider, and the tax is collected by the transmission services provider.

The tax does not apply to the following:

- Electricity that is transmitted through the state that is neither produced nor consumed in the state;
- Electricity generated in the state by an agency of the federal government for delivery outside the state;
- Electricity delivered to a distribution services provider that is a municipal utility or a rural electric cooperative which opts out of competition;
- Electricity delivered to a purchaser that received its power directly from a transmission or distribution facility owned by an entity of the U.S. government;
- Electricity meeting certain contractual requirements that is delivered by a distribution services provider that was first served by a public utility after December 31, 1996;
- Electricity that has been subject to the transmission tax in another state; and
- A 5% line loss exemption for transmission of electricity produced in the state for delivery outside of the state.

Collection Frequency: Quarterly

Distribution: All proceeds are deposited into the general fund.

Comparison of Legislative and Executive Forecasts

The difference between the legislative and executive forecasts is primarily due to differences in modeling.

Wholesale Energy Transmission Tax (\$ Millions)				
	FY 2015	FY 2016	FY 2017	Total
Executive Forecast	\$3.170	\$3.310	\$3.480	\$9.960
Legislative Forecast	3.652	3.629	3.608	10.889
Difference	(\$0.482)	(\$0.319)	(\$0.128)	(\$0.929)
% Difference	-13.2%	-8.8%	-3.5%	-8.5%

Forecast Risks

- Electricity prices
- Generation and transmission capacity
- Production outages

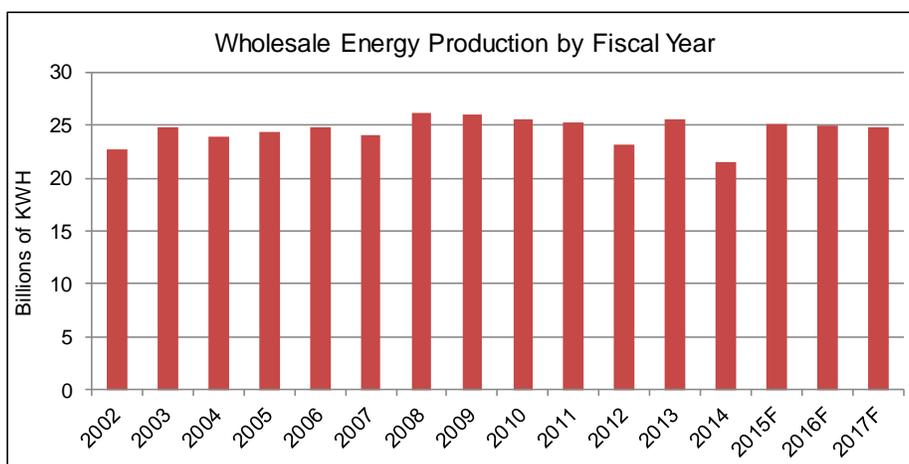
Revenue Estimate Methodology

Data

Data from quarterly reports produced by the Department of Revenue provide a history of in-state and out-of-state kilowatt hours transmitted by each company.

Analysis

A trend of historical in and out-of-state kilowatt hour data is applied to the previous gross production amount and line loss is subtracted. Net taxable kilowatt hours are multiplied by the tax rate to produce total revenue from this source.



Revenue Estimate Assumptions

FY	Total Tax \$ Millions	GF Tax \$ Millions	KWH Millions	Line Loss
				KWH Millions
A 2002	\$2.906	\$2.906	22,775	698
A 2003	3.532	3.532	24,780	731
A 2004	3.293	3.293	23,961	725
A 2005	3.370	3.370	24,327	750
A 2006	3.813	3.813	24,871	758
A 2007	3.651	3.651	24,071	710
A 2008	3.856	3.856	26,193	797
A 2009	3.865	3.865	26,005	783
A 2010	3.556	3.556	25,546	774
A 2011	3.946	3.946	25,241	759
A 2012	3.427	3.427	23,183	663
A 2013	3.558	3.558	25,620	781
A 2014	3.112	3.112	21,557	595
F 2015	3.652	3.652	25,102	752
F 2016	3.629	3.629	24,938	746
F 2017	3.608	3.608	24,790	739

