
Legislative Fiscal Division

Revenue Estimate Profile

Electrical Energy Tax

Revenue Description: The electrical energy license tax is imposed on each person or organization engaged in generating, manufacturing, or producing electrical energy in Montana. This tax is in addition to the wholesale energy transaction tax enacted by the 1999 legislature (HB 174).

Statutory Reference:

Tax Rate MCA) – 15-51-101

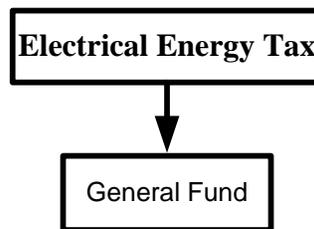
Tax Distribution (MCA) – 17-2-124(2), 15-51-103

Date Due – 30 days after the calendar quarter (15-51-101, 15-51-102)

Applicable Tax Rate(s): The tax of \$0.0002 per kilowatt-hour (or \$0.20 per megawatt-hour) is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy use by the plant for the production of the energy.

Distribution: All proceeds are deposited into the general fund.

Distribution Chart:



Collection Frequency: The electrical energy tax is due 30 days after the end of the quarter.

% of Total General Fund Revenue:

FY 2004 – 0.34%

FY 2007 – 0.25%

FY 2010 – 0.29%

FY 2005 – 0.27%

FY 2008 – 0.26%

FY 2011 – 0.24%

FY 2006 – 0.27%

FY 2009 – 0.27%

FY 2012 – 0.24%

Revenue Estimate Methodology:

The electrical energy tax is applied to the number of kilowatt hours of electricity produced. The estimate for the tax revenue is derived by estimating the annual taxable kilowatt hours produced by each company and any company anticipated to be producing within the 3-year period in question. From these production estimates, the tax rate is applied.

Data

All electrical energy producing companies were surveyed for anticipated kilowatt hours produced, anticipated new production, and anticipated downtime or reduced production. Although the accuracy in the results of the survey was questionable, the raw data were used to develop growth rates. Data from quarterly reports produced by DOR provide a history of kilowatt hours produced for each individual company.

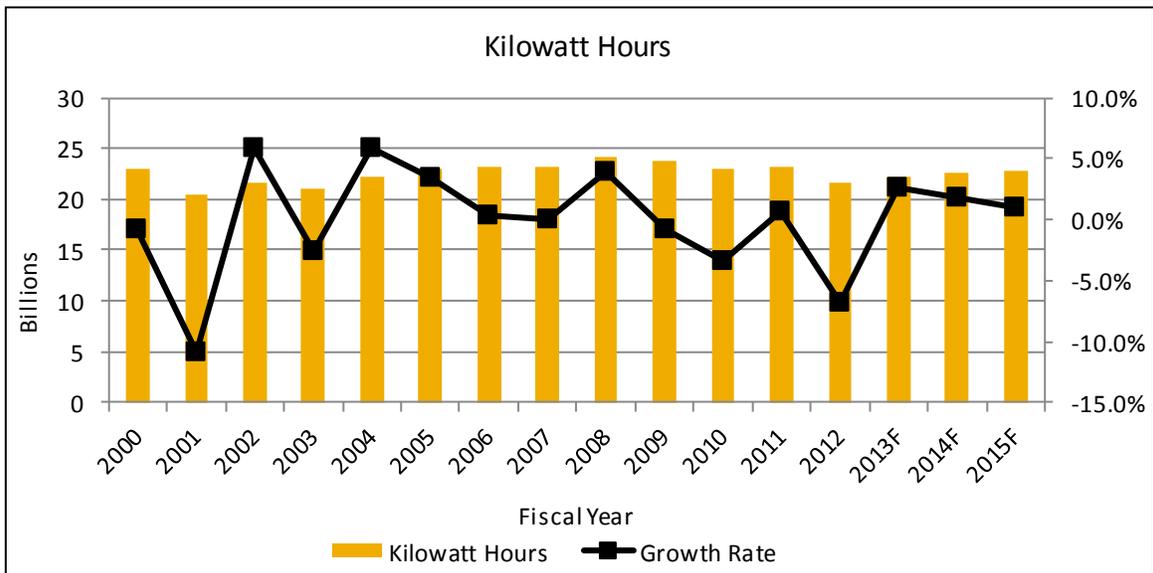
Analysis

A growth rate based on the change in total yearly production from the actual/estimated year to the amount provided by the surveys was applied to the previous production amount. Taxable kilowatt hours are then multiplied by the tax rate to produce total revenue from this source.

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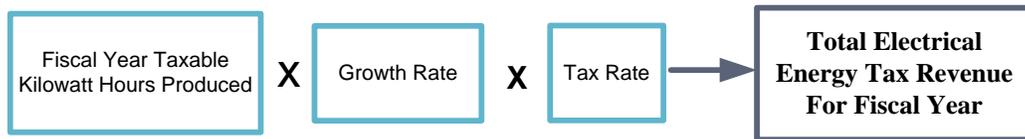
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Adjustments and Distribution

Once total tax revenue for each fiscal year is determined, the distribution percentage, 100% to the general fund, is applied.

Forecast Methodology:



Revenue Estimate Assumptions:

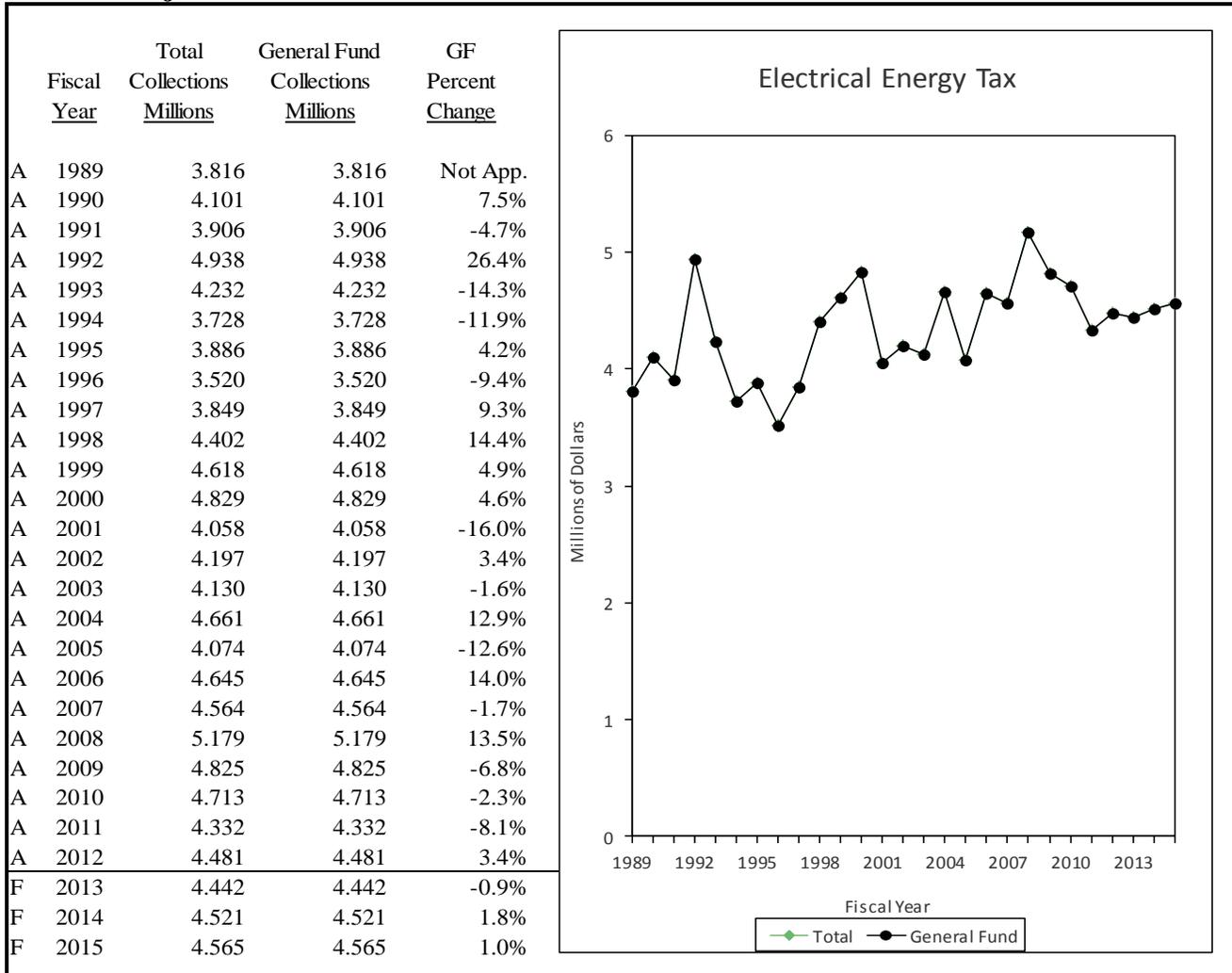
	t	Total Tax	GF Tax	KWH Fiscal	Credits	Tax
	Fiscal	Millions	Millions	Millions	Millions	Rate
Actual	2002	4.197	4.197	21,642.219	0.000	0.02%
Actual	2003	4.130	4.130	21,068.970	0.000	0.02%
Actual	2004	4.661	4.661	22,310.179	0.000	0.02%
Actual	2005	4.074	4.074	23,065.262	0.000	0.02%
Actual	2006	4.645	4.645	23,156.213	0.000	0.02%
Actual	2007	4.564	4.564	23,159.175	0.000	0.02%
Actual	2008	5.179	5.179	24,081.011	0.000	0.02%
Actual	2009	4.825	4.825	23,872.111	0.000	0.02%
Actual	2010	4.713	4.713	23,078.519	0.000	0.02%
Actual	2011	4.332	4.332	23,221.915	0.000	0.02%
Actual	2012	4.481	4.481	21,624.098	0.000	0.02%
Forecast	2013	4.442	4.442	22,207.522	0.000	0.02%
Forecast	2014	4.521	4.521	22,604.971	0.000	0.02%
Forecast	2015	4.565	4.565	22,824.278	0.000	0.02%
Total Tax = KWH Fiscal × Tax Rate - Credits						
GF Tax = Total Tax						

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Revenue Projection:



Data Source(s): SABHRS, Department of Revenue Electrical Energy Tax Returns

Contacts: Electrical Companies' Financial Personnel