

COLSTRIP A SNAPSHOT

THE REVENUE IMPACTS DUE TO THE 2020 CLOSURE OF COLSTRIP UNITS 1 AND 2

Office of Research and Policy Analysis
Legislative Services Division
State of Montana
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\$

tax revenue
is expected
to decline
annually by
about

MILLION

29%

Units 1 and 2 represent roughly 29% of nameplate capacity at Colstrip.

The Department of Revenue analysis assumes that direct tax revenues from Colstrip will be reduced by 29% based on a fiscal year 2019 baseline.

The analysis also assumes that 29% of the mining activity in the Rosebud mine is lost.



TAX REVENUE ANALYSIS

COAL SEVERANCE MONEY

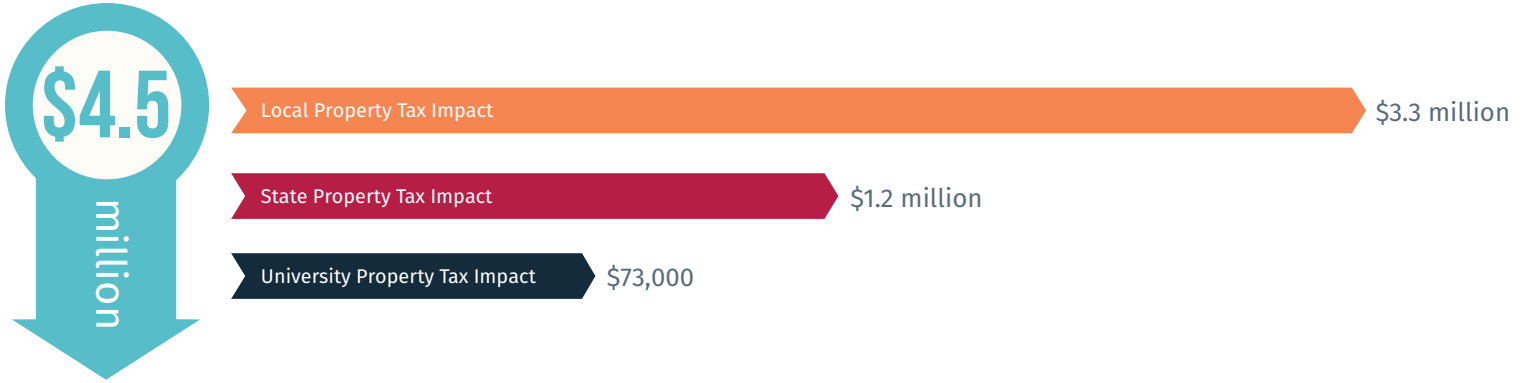
Coal severance money declines by an estimated \$6.27 million, or roughly 10% of total coal severance revenues. Coal severance money is allocated between several different funds.



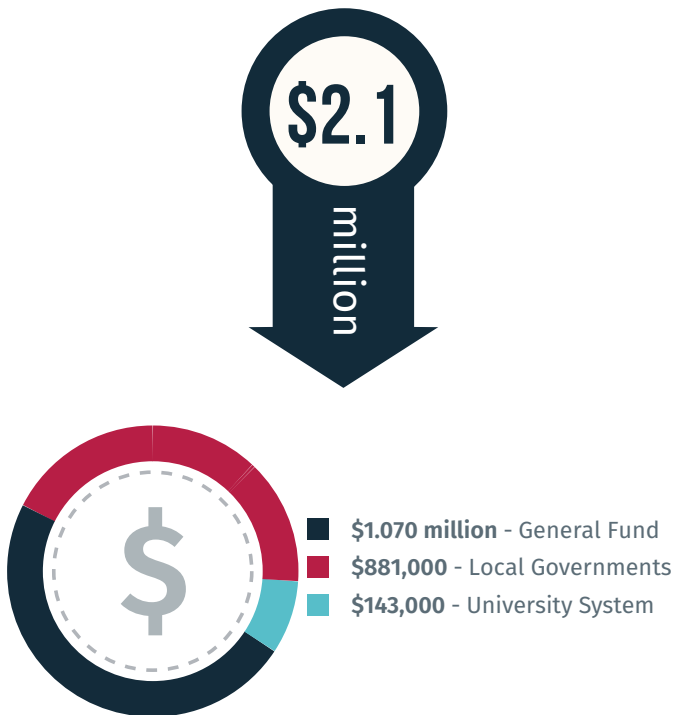
- \$3.134 million – Coal Severance Trust Fund
- \$1.5 million – General Fund (remainder)
- \$752,000 – Long Range Building Program
- \$364,000 – Coal Natural Resources Account
- \$233,000 – Conservation Districts
- \$80,000 – Parks Acquisition Trust
- \$60,000 – Renewable Resources Debt Service
- \$58,000 – Library Services
- \$51,000 – Growth Through Agriculture
- \$39,000 – Cultural Trust

Property tax collections for state, local, school, and university tax revenue is diminished by an estimated \$4.5 million. Because Colstrip property is centrally assessed and has been devalued due to the expected closure, estimates are uncertain. Using comparable ownership, Units 1 and 2 losses represent an estimated 12% of total Colstrip property value. Pollution control equipment and transmission line taxes are also reduced by 12%. The reduction includes the lines in Rosebud County and outside the county.

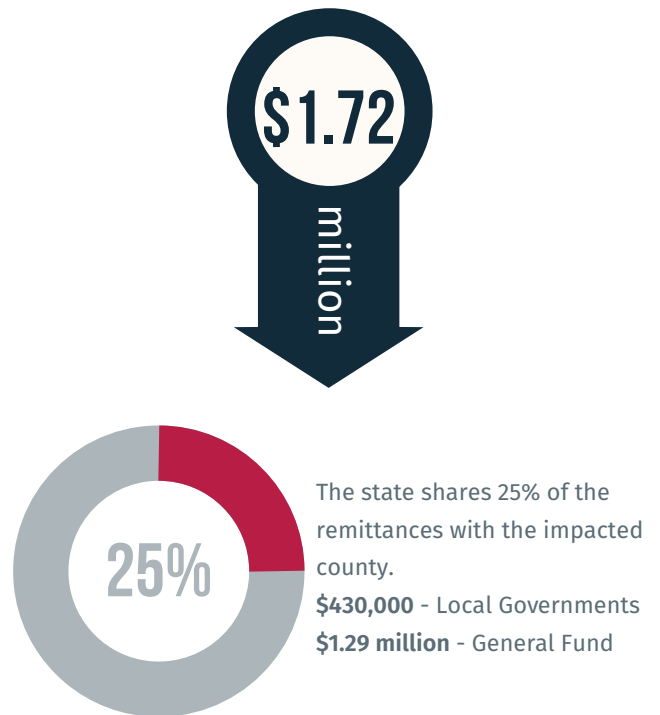
PROPERTY TAX



GROSS COAL PROCEEDS



ROYALTY PAYMENTS



ADDITIONAL GENERAL FUND LOSSES

Income Tax



Electrical Energy Producers Tax



Wholesale Energy Transaction Tax



RESOURCE INDEMNITY & GROUND WATER ASSESSMENT TRUST FUND

The state imposes a tax on coal mining to provide for a trust fund for land remediation and ground water testing.





AIR QUALITY IMPACTS

a reduction of
\$386,674
in air quality operating fees

The Department of Environmental Quality collects air quality operating fees on facilities that have a Title V operating permit and/or a Montana air quality permit.

The annual operating fee is \$900 plus \$44.35 for each ton of PM-10, sulfur dioxide, lead, oxides of nitrogen, and volatile organic compounds emitted into the atmosphere.

Colstrip is the largest fee payer. About 15 companies, including refineries and other large industrial facilities, pay most of these operating fees that are used to fund the air quality regulatory program.

estimated reduction of air pollutants:

-4,969 tons/yr **Nitrogen dioxide (NO₂).** Its presence in air contributes to the formation and modification of other air pollutants, such as ozone and particulate matter, and to acid rain.

-3,565 tons/yr **Sulfur dioxide (SO₂).** SO₂ can affect the respiratory system, and for example, people with asthma are sensitive to SO₂. It also can react with other compounds and contribute to particulate matter pollution.

-110 tons/yr **Particulate matter (PM-10).** Particulate matter can be inhaled and cause health problems. Fine particles are also the primary cause of reduced visibility (haze) in parts of the United States.

-75 tons/yr **Volatile organic compounds (VOCs).** VOCs can react with other compounds and contribute to ozone.

-27.62 lbs/yr **Mercury.** Mercury is a health concern. Fees are not levied on mercury, although mercury emissions are monitored.

-3.9M tons/yr **Carbon dioxide (CO₂).** CO₂ emissions from Units 1 and 2 represent about 29% of Colstrip's overall CO₂ emissions. Colstrip emits about 13 million of the state's more than 15 million metric tons of CO₂. Fees are not levied on carbon dioxide emissions.