



2019 Senate Bill 329 Fiscal Note Review

January 15, 2020

Telecommunications - Fiber Optic Mileage

Industry Class	Company Name	2018	2019	Difference
Telecommunications Class 13	ADVANCED COMMUNICATIONS TECHNOLOGY, INC.	937.26	937.26	0.00
	AT&T COMMUNICATIONS	1,692.53	1,692.33	(0.20)
	BCE NEXXIA CORPORATION	36.00	36.00	0.00
	BLACKFOOT COMMUNICATIONS INC	43.86	99.82	55.96
	FRONTIER COMMUNICATIONS	0.05	0.05	0.00
	HOT SPRINGS TELEPHONE CO	43.85	44.03	0.18
	INTERMOUNTAIN INFRASTRUCTURE GROUP LLC	0.00	81.22	81.22
	LINCOLN TELEPHONE CO INC	228.17	228.17	0.00
	MCI COMMUNICATIONS SERVICES INC	63.60	0.00	(63.60)
	NEMONT COMMUNICATIONS INC	28,286.97	28,283.37	(3.60)
	NORTHERN COMMUNICATIONS INC	204.55	204.55	0.00
	PROJECT TELEPHONE CO	47,024.76	47,017.18	(7.58)
	QWEST CORPORATION AND OR CENTURYLINK INC	155,187.74	155,187.74	0.00
	RONAN TELEPHONE CO & SUBSIDIARY MONTANA WEST LLC	502.60	496.09	(6.51)
	RT COMMUNICATIONS INC	7.32	7.32	0.00
	SOUTHERN MONTANA TELEPHONE CO	542.43	467.40	(75.03)
	SPRINT COMMUNICATIONS COMPANY LP	808.30	808.30	0.00
	TCT WEST INC	37.59	37.80	0.21
	TRIANGLE COMMUNICATION SYSTEM INC	299.35	304.54	5.20
	VERIZON INC	0.00	63.60	63.60
	VISION NET INC	29.00	29.00	0.00
	ZAYO GROUP LLC	23,872.00	27,041.73	3,169.72
		<i>Sub-total</i>	259,847.94	263,067.52
Telephone Coop Class 5	3 RIVERS TELEPHONE COOPERATIVE INC	5,612.97	5,779.11	166.14
	BLACKFOOT TELEPHONE COOP INC	1,099.84	1,187.90	88.06
	INTERBEL TELEPHONE COOPERATIVE INC	738.47	816.16	77.69
	MID RIVERS TELEPHONE COOPERATIVE	135,917.88	155,756.33	19,838.46
	NEMONT TELEPHONE COOPERATIVE INC	128,394.85	133,699.36	5,304.51
	NORTHERN TELEPHONE COOPERATIVE INC	1,072.53	1,205.92	133.39
	RANGE TELEPHONE COOP INC	40,921.19	43,595.10	2,673.92
	TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	403,305.27	429,108.37	25,803.10
	WEST RIVER CO-OP TELEPHONE CO	82.40	82.40	0.00
		<i>Sub-total</i>	717,145.40	771,230.66
Grand Total		976,993.34	1,034,298.18	57,304.84

Telecommunications - Non-Fiber Optic Mileage

Industry Class	Company Name	2018	2019	Difference
Telecommunications Class 13	BLACKFOOT COMMUNICATIONS INC	46.00	48.78	2.78
	CHARTER COMMUNICATIONS INC	5,347.11	5,634.27	287.16
	FRONTIER COMMUNICATIONS	887.78	887.78	0.00
	HOT SPRINGS TELEPHONE CO	205.87	205.87	0.00
	LINCOLN TELEPHONE CO INC	161.46	161.46	0.00
	ONE EIGHTY COMMUNICATIONS COMPANY INC	14.53	0.00	(14.53)
	PROJECT TELEPHONE CO	101,023.07	101,019.30	(3.77)
	QWEST CORPORATION AND OR CENTURYLINK INC	5,836,049.71	5,836,049.71	0.00
	RONAN TELEPHONE CO & SUBSIDIARY MONTANA WEST LLC	309.33	309.51	0.17
	RT COMMUNICATIONS INC	27.06	27.06	0.00
	SOUTHERN MONTANA TELEPHONE CO	388.07	480.26	92.19
	TCT WEST INC	28.30	28.30	0.00
	TRIANGLE COMMUNICATION SYSTEM INC	1.00	1.00	0.00
	WESTERN MONTANA COMMUNITY TEL INC	<u>72.06</u>	<u>48.13</u>	<u>(23.93)</u>
	<i>Sub-total</i>	5,944,561.35	5,944,901.42	340.07
Telephone Coop Class 5	3 RIVERS TELEPHONE COOPERATIVE INC	3,918.06	3,385.22	(532.84)
	BLACKFOOT TELEPHONE COOP INC	3,471.75	3,600.65	128.90
	INTERBEL TELEPHONE COOPERATIVE INC	493.43	427.82	(65.61)
	MID RIVERS TELEPHONE COOPERATIVE	252,940.82	254,153.54	1,212.72
	NEMONT TELEPHONE COOPERATIVE INC	120,571.58	117,590.62	(2,980.96)
	NORTHERN TELEPHONE COOPERATIVE INC	1,929.84	1,326.24	(603.60)
	RANGE TELEPHONE COOP INC	63,093.86	63,135.38	41.52
	RESERVATION TELEPHONE	60.00	60.00	0.00
	TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	<u>90,164.98</u>	<u>73,202.04</u>	<u>(16,962.94)</u>
	<i>Sub-total</i>	536,644.32	516,881.51	(19,446.67)
Grand Total	6,481,205.67	6,461,782.93	(19,422.74)	

Senate Bill 239 Fiscal Note			
	Telephone Cooperative Class 5 Property	Telecommunication Class 13 Property	Total
Average Annual Value of New Telecommunication Property	\$43,886,000	\$159,178,000	\$203,064,000
<i>Intangible Personal Property (IPP) Adjustment</i>	<u>15.10%</u>	<u>60.94%</u>	<u>51.03%</u>
Average Annual Value of New Telecommunication Property - Less IPP	<u>(\$6,626,786)</u>	<u>(\$97,003,073)</u>	<u>(\$103,629,859)</u>
Estimated Market Value	\$37,259,214	\$62,174,927	\$99,434,141
Tax Rate	<u>3.00%</u>	<u>6.00%</u>	<u>4.88%</u>
Taxable Value	\$1,117,776	\$3,730,496	\$4,848,272
State Mills	<u>0.101</u>	<u>0.101</u>	
Estimated State Taxes	\$112,895	\$376,780	\$489,675

Senate Bill 239 - Fiscal Note Check		
Miles of Fiber - Reported by Telecommunication Companies		
2018	976,993.34	What if:
2019	<u>1,034,298.18</u>	
Difference	57,304.84	
Reporting Adjustment	<u>(20,000.00)</u>	
Miles of New Fiber Reported	37,304.84	10,000.00

Southern Montana Telephone Company SB239 Testimony		
Investment in Fiber	\$15,000,000	
Miles of Fiber	<u>706.00</u>	
Investment per Mile of Fiber	\$21,246	\$15,000

Total Investment Cost of Investment based on Reported New Fiber and SB239 Testimony	\$792,595,751	\$150,000,000
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Average Annual Value of New Telecommunication Property	\$792,595,751	\$150,000,000
Intangible Personal Property (IPP) Adjustment	<u>51.03%</u>	<u>51.03%</u>
Average Annual Value of New Telecommunication Property - Less IPP	<u>(\$404,486,202)</u>	<u>(\$76,549,654)</u>
Estimated Market Value	\$388,109,549	\$73,450,346
Tax Rate	<u>4.88%</u>	<u>4.88%</u>
Taxable Value	\$18,923,688	\$3,581,338
State Mills	<u>0.101</u>	<u>0.101</u>
Estimated State Taxes	\$1,911,293	\$361,715

New or Expanding Abatement and Senate Bill 239 Example																	
Assumptions:																	
Blackfoot Communication's SB239 testimony stated in the last 2 years the company had invested \$25 million in broadband.																	
Assumes that the \$12.5 million occurred in each year and that it represents market value.																	
Assumes the Blackfoot Telephone Cooperative made all of the investment.																	
Assumes there are 500 local mills and 101 state mills.																	
Market Value	Tax Rate	Taxable Value	Mills	Taxes by Year													
				1	2	3	4	5	6	7	8	9	10	Total			
Current Law No Abatement																	
Local Mills	\$ 12,500,000	0.03	\$ 375,000	0.500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$1,875,000
State Mills	\$ 12,500,000	0.03	\$ 375,000	0.101	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$378,750
Taxes Paid Each Year					\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$2,253,750
Current New or Expanding Abatement																	
					25%	25%	25%	25%	25%	40%	55%	70%	85%	100%			
Local Mills	\$ 12,500,000	0.03	\$ 375,000	0.500	\$46,875	\$46,875	\$46,875	\$46,875	\$46,875	\$75,000	\$103,125	\$131,250	\$159,375	\$187,500	\$187,500	\$890,625	
State Mills	\$ 12,500,000	0.03	\$ 375,000	0.101	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$37,875	\$378,750	
Taxes Paid Each Year					\$84,750	\$84,750	\$84,750	\$84,750	\$84,750	\$112,875	\$141,000	\$169,125	\$197,250	\$225,375	\$225,375	\$1,269,375	
Blackfoot Telephone Cooperatives' Tax Savings (Current Law - New or Expanding Abatement)					\$140,625	\$140,625	\$140,625	\$140,625	\$140,625	\$112,500	\$84,375	\$56,250	\$28,125	\$0	\$0	\$984,375	
Senate Bill 239 Abatement (without tax savings re-investment requirements)																	
					0%	0%	0%	0%	0%	20%	40%	60%	80%	100%			
Local Mills	\$ 12,500,000	0.03	\$ 375,000	0.500	\$0	\$0	\$0	\$0	\$0	\$37,500	\$75,000	\$112,500	\$150,000	\$187,500	\$187,500	\$562,500	
State Mills	\$ 12,500,000	0.03	\$ 375,000	0.101	\$0	\$0	\$0	\$0	\$0	\$7,575	\$15,150	\$22,725	\$30,300	\$37,875	\$37,875	\$113,625	
Taxes Paid Each Year					\$0	\$0	\$0	\$0	\$0	\$45,075	\$90,150	\$135,225	\$180,300	\$225,375	\$225,375	\$676,125	
Blackfoot Telephone Cooperatives' Tax Savings (Current Law - Senate Bill 239 Abatement)					\$225,375	\$225,375	\$225,375	\$225,375	\$225,375	\$180,300	\$135,225	\$90,150	\$45,075	\$0	\$0	\$1,577,625	