

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
- A 5.0% 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.

Summary of Legislative Action: The 68th Legislature did not enact legislation impacting this source.

Forecast Risks

- Electricity prices
- Generation and transmission capacity
- Production outages

Revenue Estimate Methodology

Data

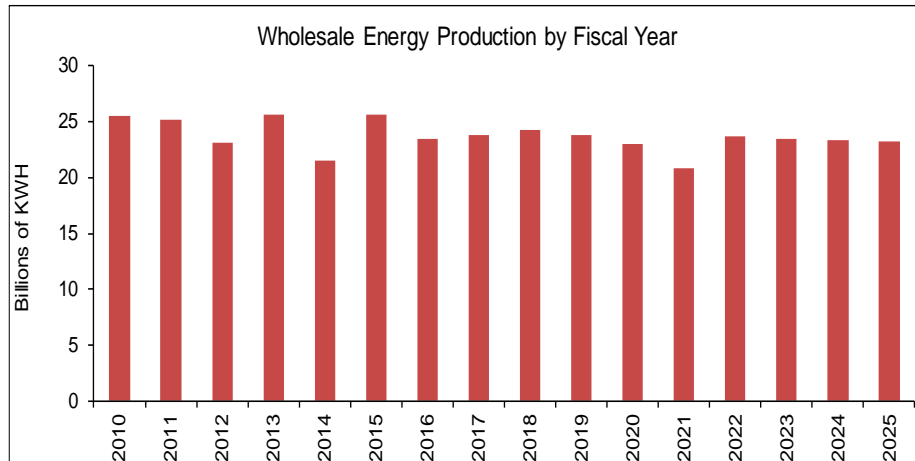
Data from quarterly reports produced by DOR provide a history of in-state and out-of-state kilowatt hours transmitted by each company.

Analysis

Natural Resource Taxes

Wholesale Energy Tax

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

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2023 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Line Loss	
			KWH Millions	KWH Millions
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
A 2015	3.795	3.795	25,661	783
A 2016	3.516	3.516	23,534	659
A 2017	3.464	3.464	23,799	670
A 2018	3.628	3.628	24,239	680
A 2019	3.490	3.490	23,830	635
A 2020	3.351	3.351	22,987	608
A 2021	2.981	2.981	20,813	513
A 2022	3.352	3.352	23,678	654
F 2023	3.427	3.427	23,485	642
F 2024	3.410	3.410	23,369	634
F 2025	3.398	3.398	23,284	630
F 2026	3.390	3.390	23,227	628
F 2027	3.403	3.403	23,320	634

Revenue Projection

