

(prepare in triplicate)

FISCAL NOTE

prepared in regard to:

HOUSE BILL 1575

(List bill or resolution and number, if available, or subject)

Amendment to: _____

(List bill or resolution and number

Requested by: Legislative Council Date of receipt: January 30, 19 75

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed, attach a supplementary sheet. (Please type)

House Bill 1575 would decrease the state General Fund by \$1,534,666 for the 1975-77 Biennium. (See Exhibit I)

See Exhibit II for the revenue effect of this bill in FY-1984 by which time all energy plants presently granted water permits will be in operation and would be fully taxable under present law.

Estimated administration costs of House Bill 1575 are \$9,500 for the 1975-77 Biennium.

Date of preparation: February 4, 1975

Signed 

Typed Name- Clair W. Cudworth

Department State Tax Department

February 4, 1975

EXHIBIT I

REVENUE IMPACT OF HOUSE BILL No. 1575 FOR 1975-77 BIENNIUM

	MARKET PRICE	NET PRODUCTION	MARKET VALUE	VALUE OF PLANT AND TRANSMISSION FACILITIES	UNDER PRESENT LAW				UNDER PROPOSED																													
					TAX		ALLOCATION		TAX		ALLOCATION																											
					RATE	AMOUNT	STATE (Gen. Fund)	COUNTY	RATE (% of plant & line value)	AMOUNT	GEN. FUND & IMPACT COMM. (interest on trust fund-6%)	STATE TRUST FUND	COUNTY																									
I. ENERGY CONVERSION TAX																																						
A. Fiscal Year 1976																																						
1. UPA-CPA																																						
2. Michigan-Wisconsin																																						
B. Fiscal Year 1977																																						
1. UPA-CPA																																						
2. Michigan-Wisconsin																																						
<table border="0" style="width:100%"> <tr> <td style="width:50%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> <td style="width:10%;"></td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$69,000,000 (As of 1-1-76)</td> <td></td> <td></td> <td></td> <td></td> <td>1.5%</td> <td>\$1,035,000</td> <td>\$ 879,750</td> <td></td> <td>\$155,250</td> </tr> </table>																													\$69,000,000 (As of 1-1-76)					1.5%	\$1,035,000	\$ 879,750		\$155,250
			\$69,000,000 (As of 1-1-76)					1.5%	\$1,035,000	\$ 879,750		\$155,250																										
II. SEVERANCE TAX																																						
A. Fiscal Year 1976																																						
1. (Collections for Coal Mined from 7-1-75 to 3-31-76.)																																						
	\$2.51/ton	9,303,251 tons	\$23,351,162					(Sales Tax)		(% of market value)																												
								10%	\$2,351,162	\$ 940,464	\$ 70,534	\$1,179,582	\$235,116																									
B. Fiscal Year 1977																																						
1. (Collection for coal mined from 4-1-76 to 3-31-77)																																						
	\$2.66/ton	13,717,083 tons	\$36,487,440					10%	\$3,648,744	\$1,459,497	\$109,462	\$1,824,372	\$364,574																									
III. ELIMINATION OF SALES TAX on Coal and Electricity: Projected Revenue Loss																																						
A. Fiscal Year 1976																																						
1. Coal Mined subject to sales tax																																						
	\$2.51/ton	8,302,074 tons	\$20,838,205					4%	\$ 833,528	\$ 833,528																												
2. Electricity sold in North Dakota subject to sales tax																																						
	2.75¢/kwh	1,675,696,363 kwh	\$46,081,650					4%	\$1,843,266	\$1,843,266																												
B. Fiscal Year 1977																																						
1. Coal mined subject to sales tax																																						
	\$2.66/ton	9,014,897 tons	\$23,979,626					4%	\$ 959,185	\$ 959,185																												
2. Electricity sold in North Dakota subject to sales tax																																						
	2.92¢/ kwh	1,735,952,054 kwh	\$50,689,800					4%	\$2,027,592	\$2,027,592																												
*Sales Tax on coal and electricity paid in FY - 1976 for Production in last quarter of FY - 1975.																																						
										\$4,128,905	\$3,000,000	\$755,240																										

EXHIBIT II

ESTIMATED REVENUE IMPACT OF HOUSE BILL 1575 FOR FY-1984

	MARKET PRICE	NET PRODUCTION	MARKET VALUE	VALUE OF PLANT AND TRANSMISSION FACILITIES	UNDER PRESENT LAW				UNDER PROPOSED					
					TAX		ALLOCATION		TAX		ALLOCATION			
					RATE	AMOUNT	STATE (Gen. Fund)	COUNTY	RATE (% of plant & line value)	AMOUNT	GEN. FUND & IMPACT COMM. (interest on trust fund-6%)	STATE TRUST FUND	COUNTIES	
I. Energy Conversion Tax														
A. UPA-CPA	1¢/kwh	6 billion kwh	\$ 60,000,000	\$416,737,300 (plant) 69,758,000 (trans. line)	2% of Gross Receipts	\$1,200,000	\$ 850,000	\$350,000	1.5%	\$ 6,251,059	\$ 5,313,400		\$ 937,658	
1. Under Present Law									1.5%	1,046,372	889,417		156,955	
2. Under Proposed Bill														
a.) Plant														
b.) Trans. Line														
B. Michigan-Wisconsin	\$4.00/Mcf	91 billion cu. ft.	364,000,000	\$ 1,046,000,000 (plant) 414,000,000 (pipeline)					1.5%	15,690,000	13,336,500		2,353,500	
1. Under Present Law									1.5%	6,210,000	5,278,500		931,500	
2. Under Proposed Bill														
a.) Plant														
b.) Pipeline														
II. Severance Tax														
Coal mined in N. D.	\$4.00/ton	33,456,000 tons	133,823,776						30%	40,147,132	16,058,852	\$1,204,413	\$20,073,566	4,014,713
III. Elimination of sales tax on coal and electricity.														
A. Coal mined subject to sales tax (projected revenue loss)	\$4.00/ton	27,114,861 tons	108,459,444		4%	4,338,377	4,338,377							
B. Electricity sold in N. D. subject to sales tax (projected revenue loss)	4.4¢/kwh	2.29 billion kwh	100,760,000		4%	4,030,400	4,030,400	\$350,000						
						\$9,568,777	\$9,218,777	\$350,000		\$69,344,563	\$42,081,082	\$20,073,566	\$8,394,324	