

(prepare in triplicate)

FISCAL NOTE

prepared in regard to:

HOUSE BILL 1221

(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: Jan. 16, 1975

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)

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1. Assuming that Basin Electric's Leland Olds Units 1 & 2 are considered to comprise one plant; House Bill 1221 would reduce the state General Fund by \$116,875 for the 1975-77 Biennium. (See Exhibit 1.)
  2. If Basin Electric's Leland Olds Unit 2 is assumed to be a separate, new plant; House Bill 1221 would have no effect on the state General Fund for the 1975-77 Biennium. (See Exhibit 2.)
  3. See Exhibit 3 for an estimate of this bill's revenue impact for fiscal year 1984 by which time all plants presently granted water permits will be in full operation and taxable under the full extent of present law.

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Date of preparation: Jan. 20, 1975

Signed 

Typed Name- Clair W. Cudworth

Department State Tax Department

EXHIBIT 1

(Units 1 & 2 are considered to be one plant)

UNDER PROPOSED HOUSE BILL 1221

PLANT, LOCATION, & OPERATIONAL DATE	REVENUE	NET PRODUCTION (kilowatt hrs)	ESTIMATED GROSS RECEIPTS	UNDER PRESENT LAW			TAX = 2% of Gross Receipts Less Local Ad Valorem Taxes Paid		ALLOCATION of State Tax	
				TAX = 2% OF GROSS RECEIPTS	ALLOCATION		Local Tax*	State Tax	General Fund (75%)	Impact Commission (25%)
					State (Gen.Fund)	County				
Basin Electric - Leland Olds Plant, Units 1 & 2  Unit 2 goes on line July 1, 1975  <u>FISCAL YEAR 1976</u>  (Collections for production in calendar year 1974)	.712c/kwh									
Fiscal Year 1974 collections would not be affected by this bill.										
<u>FISCAL YEAR 1977</u>  (Collections for production in calendar year 1975)	.845c/kwh	2,271,000,000	\$19,189,950	\$383,799	\$237,849	\$145,950	\$222,500	\$161,299	\$120,974	\$40,325
							*Plant Value = \$155,000,000 x 17.4% (average true assessment) x 10% (maximum to be considered real property) x 50% (to get taxable valuation) x 165 mills (average statewide mill rate)			

E X H I B I T 2

(Unit 2 is to be considered a separate, new plant)

PLANT, LOCATION, & OPERATIONAL DATE	REVENUE	NET PRODUCTION (kilowatt hrs)	ESTIMATED GROSS RECEIPTS	UNDER PRESENT LAW		UNDER PROPOSED HOUSE BILL 1221		ALLOCATION of State Tax		
				TAX = 1% OF GROSS RECEIPTS	ALLOCATION		TAX = 2% of Gross Receipts Less Local Ad Valorem Taxes Paid		General Fund (75%)	Impact Commission (25%)
					State (Gen.Fund)	County	Local Tax*	State Tax		
Basin Electric - Leland Olds Plant, Unit 2										
Unit 2 goes on line July 1, 1975										
<u>FISCAL YEAR 1976</u>  (Collections for production in calendar year 1974)	.712¢/kwh									
<u>FISCAL YEAR 1977</u>  (Collections for production in calendar year 1975)	.845¢/kwh	771,000,000	\$6,514,950	\$65,150	\$65,150	\$172,260				

Fiscal Year 1974 collections would not be affected by this bill.

\*Plant Value = \$120,000,000  
x 17.4% (average true assessment)  
x 10% (maximum to be considered real property)  
x 50% (to get taxable valuation)  
x 165 mills (average statewide mill rate)

E X H I B I T 3

(Estimates for FY-1984)

PLANT, LOCATION, & OPERATIONAL DATE	REVENUE	NET PRODUCTION (kilowatt hrs)	ESTIMATED GROSS RECEIPTS	UNDER PRESENT LAW			UNDER PROPOSED HOUSE BILL 1221		ALLOCATION of State Tax	
				TAX = 2% OF GROSS RECEIPTS	ALLOCATION		TAX = 2% of Gross Receipts Less Local Ad Valorem Taxes Paid		General Fund (75%)	Impact Commission (25%)
					State (Gen.Fund)	County	Local Tax *	State Tax		
I. ELECTRICAL GENERATION										
A. Cooperatives:										
1. BASIN ELECTRIC ** Stanton, July 1, 1975	1.0¢/kwh	4.3 billion	\$43,000,000	\$860,000	\$595,000	\$265,000	\$ 181,700	\$ 678,300	\$ 508,725	\$ 169,575
2. MINNKOTA Center, May 1, 1977	1.0¢/kwh	3.2 billion	32,000,000	640,000	430,000	210,000	212,020	427,980	320,985	106,995
3. UPA-CPA Underwood, 1978 & 1979	1.0¢/kwh	6.0 billion	60,000,000	1,200,000	850,000	350,000	596,730	603,270	452,452	150,818
II. COAL GASIFICATION (tailgate price)										
A. MICHIGAN-WISCONSIN Beulah-Hazen, 1981	\$4.00/Mcf	91 billion cubic feet	364,000,000				\$1,501,080	\$5,778,920	\$4,334,190	\$1,444,730

\*\*Units 1 and 2 are considered to be one plant.

\*Plant Value (assumes 2.5% per year depreciation)  
x 17.4% (average true assessment)  
x 10% (maximum to be considered real property)  
x 50% (to get taxable valuation)  
x 165 mills (average statewide mill rate)