

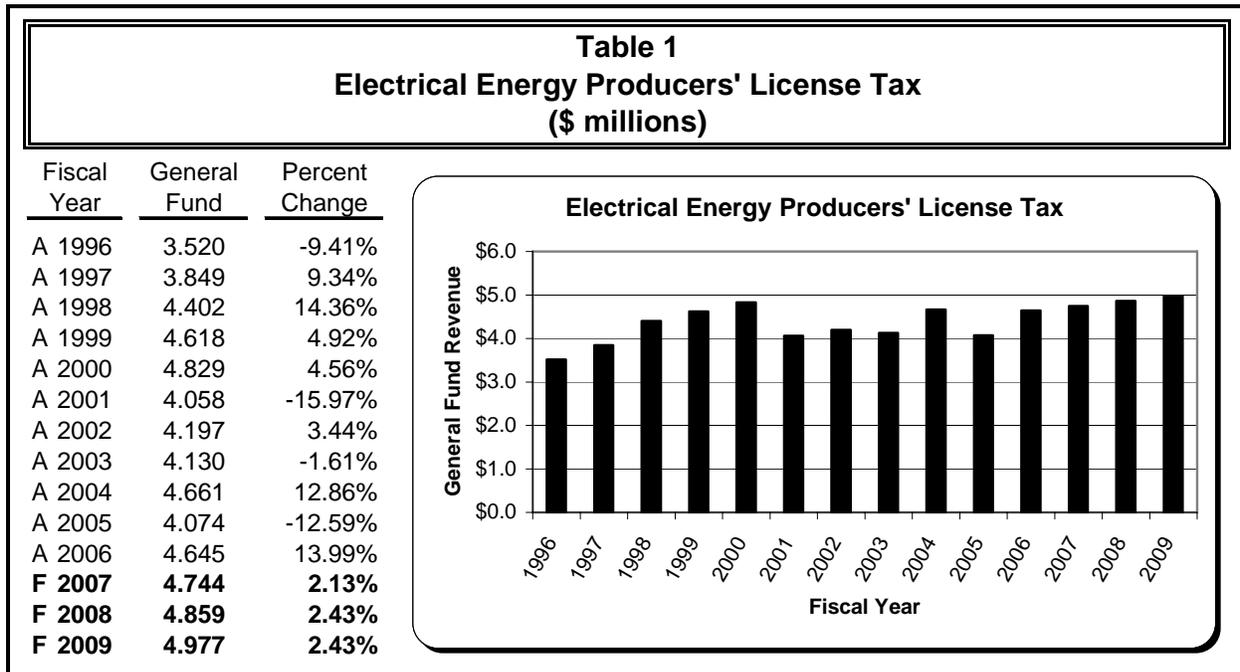
ELECTRICAL ENERGY PRODUCER'S LICENSE TAX

Revenue Description

Title 15, Chapter 51, MCA, provides for the imposition and collection of the electrical energy producers' license tax. Enacted in 1933, the tax is levied at a rate of \$.0002 per kilowatt-hour on all electricity generated, manufactured, or produced in Montana for barter, sale, or exchange other than for plant use. All electrical energy producers' license tax revenue is allocated to the general fund.

Historical and Projected Revenue

Table 1 shows actual general fund revenue from the electrical energy producers' license tax for FY 1996 through FY 2006 and forecast revenue for FY 2007 through FY 2009.



Electrical energy producers' license tax general fund revenue is estimated to increase 2.13% in FY 2007, 2.43% in FY 2008, and 2.43% in FY 2009.

Forecast Methodology and Projection Calculation

The revenue estimate is made in two steps. The first step is projecting the taxable kilowatt-hours. The second step is multiplying the total taxable kilowatt-hours by the tax rate to get the projected tax revenue.

Estimate Taxable Kilowatt-Hours

Table 2 shows historical taxable kilowatt-hours for FY 1997 through FY 2006 and forecast taxable kilowatt-hours for FY 2007 through FY 2009. Although there have been many fluctuations, since FY 1997 there is a general increasing trend in taxable kilowatt-hours. Since FY 1997, kilowatt-hours of electricity produced in Montana have increased an average of 2.43%. This average growth rate is used to forecast taxable kilowatt-hours for FY 2007 through FY 2009.

Taxable kilowatt-hours are projected to be 23,718 million in FY 2007, 24,293 million in FY 2008, and 24,883 million in FY 2009.

Table 2		
Taxable Kilowatt-Hours (millions)		
<u>Fiscal Year</u>	<u>Taxable kWh</u>	<u>% Change</u>
A 1997	20,160	9.31%
A 1998	22,015	9.20%
A 1999	22,265	1.14%
A 2000	21,510	-3.39%
A 2001	20,444	-4.95%
A 2002	21,643	5.86%
A 2003	21,069	-2.65%
A 2004	21,410	1.62%
A 2005	23,065	7.73%
A 2006	23,156	0.39%
Average Growth		2.43%
F 2007	23,718	2.43%
F 2008	24,293	2.43%
F 2009	24,883	2.43%

Calculate Tax Revenue

The second step of the electrical energy producers' license tax is to multiply the forecast kilowatt-hours from Table 2 by \$0.0002 per kilowatt-hour or \$200 per million kilowatt-hours. The electrical energy tax revenue is projected to be \$4.744 million in FY 2007, \$4.859 million in FY 2008, and \$4.977 million in FY 2009.

Table 3				
Electrical Energy - Revenue Calculation				
FY 2007 - FY 2009				
<u>Fiscal Year</u>	<u>kWh</u>	<u>x</u>	<u>Tax Rate Per Million kWh</u>	<u>= Total Revenue</u>
F 2007	23,718	x	\$200	= \$4,743,584
F 2008	24,293	x	\$200	= \$4,858,650
F 2009	24,883	x	\$200	= \$4,976,508

Data Sources

Data is from Department of Revenue Report #R0720111 and SABHRS Report MTGL0109.