

**From:** Spaulding, Jeb

**Sent:** Thursday, April 19, 2012 8:39 AM

**To:** Reardon, Jim; MacLean, Alex; London, Sarah; Lofy, Bill; Bartlett, Susan; Allen, Susan; Peterson, Mary; Miller, Elizabeth; Miller, Lawrence

**Subject:** Admin Generating Tax Proposal

**Attachments:** VYGeneration-4-12.doc

FYI, so we are all clear, here is a little background and information on what the Admin is proposing:

Current landscape on VY Generation taxes and MOU payments:

In FY11, VY paid \$2,128,074 under §5402a, deposited into the EF. They paid a similar amount in FY10.

In FY 11, VY paid \$2,921,398 under §8661, deposited into the GF. They paid a similar amount in FY10.

So, the total currently raised from generation taxes is approximately \$5 million. In addition, VY has been making \$ 4 to 5 million in MOU payments in recent years.

Administration proposal consolidates the current two taxes into one and taxes Entergy at a rate of \$.0025 per kilowatt of electrical energy produced and sends all revenues to the GF.

- Wind is taxed at \$.003. Our proposed rate is comparable to wind after accounting for differences between the two, such as size and the intermittency of wind.
- \$.0025 is also the generating tax rate on CT's nuclear plant, Millstone.

Entergy's total generation tax payments go from approximately 5M to approximately \$12.5M a year. The \$4-5 million in MOU payments will no longer be in place. New available revenues will be approximately \$7.5M a year.

Recommend the following to the Appropriations Committees:

Increase the General Fund transfer to the Education Fund by \$2.1 million (the current amount going to the Education Fund).

Create an ongoing base General Fund appropriation to the Clean Energy Development Fund of \$5 million.

In FY13, appropriate \$2.5 million to the SOA for use by the Vermont State Colleges for new and improved CCV and VTC facilities in Brattleboro.

That will leave the current \$2.9 million raised by the existing GF generating tax for the General Fund.

Further recommend that starting in FY14, \$1.5 million be reserved for economic development activities in Windham County as outlined by ACCD in a separate document.

Jeb Spaulding, Secretary of Administration  
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***People are our greatest asset***

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