

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2014

Bill Number: S-238 Name of Bill: Taxation of natural gas infrastructure

Agency/ Dept: PSD Author of Bill Review: Perchlik

Date of Bill Review: 1/x/14 Status of Bill: (check one):

Upon Introduction As passed by 1st body As passed by both bodies

Recommended Position:

Support Oppose Remain Neutral Support with modifications identified in #8 below

Analysis of Bill

- 1. Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*
Creates a natural gas transmission tax based on the appraised value of all natural gas facilities and transmission lines in the State. That appraised value is multiplied by the state property tax rate and the funds raised deposited in the Clean Energy Development Fund. The CEDF shall spend ½ of these funds in towns that host natural gas infrastructure in proportion to the value of the NG infrastructure each town hosts.
- 2. Is there a need for this bill?** *Please explain why or why not.*
There is not a need for the tax, but there is a need to create an on-going funding mechanism for the CEDF.
- 3. What are likely to be the fiscal and programmatic implications of this bill for this Department?**
Fiscal: Increased revenue for the CEDF
Programmatic: Increased programmatic work for the CEDF, both overall and in relation to the dollars raised due to the requirement to direct 50% of the funds to specific towns.
- 4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**
Fiscal: Loss of revenue to the Education Fund
Programmatic: Increased work for Tax Dept.
- 5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc)*
Fiscal: Tax payments by owners of NG infrastructure would be similar (if not the same) as current property tax payments. Towns that host NG infrastructure may like the additional funds for clean energy projects but might not support reduction of revenue into Education Fund. Towns, businesses, and many others, would not support loss of revenue to Education Fund.
- 6. Other Stakeholders:**

Please return this bill review as a Microsoft Word or PDF document to laura.gray@state.vt.us

6.1 Who else is likely to support the proposal and why?

Clean/renewable energy advocates & businesses.

6.2 Who else is likely to oppose the proposal and why?

Anybody that cares about increased pressure on Ed. Fund that would cause the state property tax rate to increase.

Those that don't like State spending on clean energy.

7. Rationale for recommendation: *Justify recommendation stated above.*

The negative effect on the Ed. Fund makes this bill unsupportable. But if the bill could be changed so that the Ed. Fund didn't lose revenue the support of the CEDF mission makes the bill worthy of support.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

Change tax from being based on property value to a NG (or energy) transmission fee based on the amount of NG/fuel being transported via pipelines at the transmission level (not distribution). Could also extend such a fee to kWh transported via high-voltage transmission lines.

Secretary/Commissioner has reviewed this document: _____ **Date:** _____