

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 238 entitled
3 “An act relating to the taxation of natural gas infrastructure” respectfully
4 reports that it has considered the same and recommends that the bill be
5 amended by striking out all after the enacting clause and inserting in lieu
6 thereof the following:

7 **DRAFT FOR DISCUSSION FROM SENATOR BRAY**

8 Sec. 1. 32 V.S.A. § 3621 is added to read:

9 § 3621 NATURAL GAS INFRASTRUCTURE

10 For purposes of the statewide education property tax in chapter 135 of this
11 title, the Director shall determine the appraised value all property and fixtures
12 composing and underlying a natural gas facility, natural gas transmission line,
13 or natural gas distribution line located entirely within this State. The Director
14 shall value such property **SPECIFY A VALUATION METHOD HERE -- FOR**
15 **EXAMPLE** on a cost basis, provided however, that after the property has been
16 depreciated to 30 percent of its cost or less, exclusive of salvage value, it shall
17 be appraised at 30 percent of its cost. The Director shall inform the local
18 assessing officials of the his or her appraised value under this section by May 1
19 of each year, and the local assessing officials shall use the Director’s appraised
20 value for purposes of assessing and collecting the statewide education property
21 tax under chapter 135 of this title.

1 Sec. 2. 32 V.S.A. § 4461(e) is added to read:

2 (e) The Department of Taxes shall reimburse a town for fifty percent of any
3 reasonable legal costs, including expert witness fees and reasonable attorney’s
4 fees, in the defense of an appeal taken from a board of civil authority involving
5 the Director’s determination of appraised value under section 3621 of this title.

6 Sec. 2. 32 V.S.A. chapter 215 is amended to read:

7 CHAPTER 215. RENEWABLE ENERGY AND NATURAL GAS

8 Subchapter 1. Uniform Capacity Tax

9 § 8701. UNIFORM CAPACITY TAX

10 * * *

11 Subchapter 2. Natural Gas Transmission Assessment

12 § 8710. NATURAL GAS TRANSMISSION ASSESSMENT

13 (a) In this section, the terms “natural gas facility” and “natural gas
14 transmission line” shall have the same meaning as under 30 V.S.A.
15 § 248(a)(3).

16 (b) On or before June 15 of each year, the Director shall determine the
17 **[NEED TO SPECIFY A VALUATION HERE -- FOR EXAMPLE]**
18 **original cost, without allowance for depreciation,** for all property and fixtures
19 composing and underlying a natural gas facility, natural gas transmission line,
20 or natural gas distribution line located entirely within this State.

1 (c) There is imposed on any person operating a natural gas facility in this
2 State a tax equal to [SPECIFY A RATE HERE] multiplied by the original
3 cost value, as determined by the Director in subsection (b), of the natural gas
4 transmission line, natural gas distribution line, or natural gas facility and the
5 associated land. The tax shall be accompanied by a return containing any
6 information required by the Department of Taxes. The tax and associated
7 return shall be due on or before July 1 of each year.

8 (d) Any funds raised by the tax under this section shall be deposited in the
9 Clean Energy Development Fund established under 30 V.S.A. § 8015.

10 (e) Any assessment or liability imposed by this subchapter shall be subject
11 to the provisions of subchapter 8 of chapter 151 of this title; provided,
12 however, that a taxpayer may not separately appeal the Director's
13 determination of original cost value under this section. Any appeal from the
14 imposition of the tax in this section shall occur only after any liability for the
15 tax has been assessed.

16 (f) The Department of Taxes shall have authority to adopt rules and
17 procedures to implement the tax in this subchapter.

18 Sec. 3. 30 V.S.A. § 8015 is amended to read:

19 § 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

20 (a) Creation of Fund.

1 (1) There is established the Vermont Clean Energy Development Fund
2 to consist of each of the following:

3 (A) ~~The~~ the proceeds due the State under the terms of the
4 memorandum of understanding between the Department of Public Service and
5 Entergy Nuclear VY and Entergy Nuclear Operations, Inc. that was entered
6 under Public Service Board docket 6812; together with the proceeds due the
7 State under the terms of any subsequent memoranda of understanding entered
8 before July 1, 2005 between the Department of Public Service and Entergy
9 Nuclear VY and Entergy Nuclear Operations, Inc.;

10 (B) revenues raised from the natural gas transmission tax in
11 32 V.S.A. chapter 215, subchapter 2; and

12 (C) ~~Any~~ any other monies that may be appropriated to or deposited
13 into the Fund.

14 * * *

15 (j) One-half of the revenue deposited in the Fund from the natural gas
16 transmission tax in 32 V.S.A. chapter 215, subchapter 2 shall be available only
17 to support clean energy resources in towns hosting natural gas infrastructure
18 subject to that tax. The revenue under this subsection shall be available for
19 projects in qualifying towns in proportion to the value of the natural gas
20 infrastructure assessed in each of those towns. If revenue dedicated to projects
21 under this subsection is not committed to a specific project within 36 months

1 of being deposited in the Fund, then the revenue shall be available for any
2 authorized expenditure from the Fund. The Department shall have the
3 authority to adopt rules and procedures for accepting and approving
4 applications for funding projects under this subsection.

5 Sec. 4. EFFECTIVE DATE

6 This act shall take effect on January 1, 2015.

7

8 (Committee vote: _____)

9

10

Senator [surname]

11

FOR THE COMMITTEE