

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Senator Stan Clark at 9:30 a.m. on February 13, 2001 in Room 231-N of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research
 Bruce Kinzie, Revisor of Statutes
 Lisa Montgomery, Revisor of Statutes
 Ann McMorris, Secretary
 Chris Crowder, Intern to Senator Clark

Conferees appearing before the committee:

Richard Cram, Department of Revenue

Others attending: See attached list

Chair Clark provided the committee with copy of a Retail Energy Bulletin. American Gas Assn. quotes 70% of new homes constructed were gas heated in 1999. Multifamily homes were 56% electric heating and 42% gas. Overall, gas' share of the 1999 heating market for all new housing was 64% and the electric share was 33%, both unchanged from the year before. California Governor Gray Davis urges the Administration to expedite federal permits for power plants and waive some of the environmental requirements. Davis initiated an in-state permitting process that should cut the approval time to 21 days for new plants and eased emissions controls on older generation units. A White House spokesman said the administration is reviewing the request and will act soon. A story from the Christian Science Monitor covered the activities of an aluminum makers' business plan - shut factory doors, pay the employees a year's salary and becomes merchants of electricity. (Attachment 1)

Tax Implications of Electric Utilities

Richard Cram, Director of Office of Policy & Research for Department of Revenue, provided background, discussion on **Senate Bill 177**, difference of assessment procedures between commercial/industrial property and public utilities, and constitutional issues. (Attachment 2)

He called on Robert Badenoch, Property Valuation Department, to review the survey of other states' tax incentives for encouraging growth in electricity generating capacity. (Attachment 3)

A chart on tax rates by state was distributed and discussed. (Attachment 4)

Chair opened for questions from the committee. Questions asked on tax abatement for new plants, how this would affect local utilities, how the industry feels this would affect them, assessment of public utilities, how deregulation had worked in other states, possible tax policy changes and requests for additional information. Chair noted that **SB 177** hearings are scheduled for Thursday, February 15.

Next meeting of the committee will be on February 14, 2001.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

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