Decision Tree State and Local Taxation

 \Rightarrow

Should the current state gross receipts tax on electric utilities be eliminated?

IF YES, then what replacement mechanism should be imposed. [staff matrix, pp. 2,3]

- Corporate income tax.
- Consumption tax.
- Other

IF corporate income tax imposed, on what business income? [staff matrix, pp. 3,4]

- Generation only.
- All business income.
- Other

IF corporate income tax imposed, how should electric cooperatives be taxed? [Staff matrix pp 3-5]

- On all non-member income.
- On a modified gross receipts basis.
- Other

 \Rightarrow

 $\downarrow \! \downarrow$

NO, retain current taxation methodology for electric utilities.

Should the current state gross receipts tax on electric utilities be eliminated?

IF YES, what mechanism in addition to corporate income tax should be used to maintain approximate

⇒ revenue neutrality? [Staff matrix pp. 1-3]

- Consumption tax
- Other.

IF YES to a consumption tax, how should such tax be imposed?

[Staff matrix pp. 1-3]

- "Declining block" method
- Other

 \Rightarrow

IF YES to a consumption tax, how should this tax be imposed on customers of municipal electric systems? [Staff matrix pp. 3-5]

- At the wholesale power purchase level
- Other

 $\downarrow \downarrow$

NO-retain gross receipts tax on electric utilities Should other taxes and assessments be replaced and included as elements of the consumption tax?

IF YES, which taxes?
[Staff matrix pp. 2,3]

- Local license taxes
- SCC special assessment
- Other

• IF YES, should municipal electric systems customers pay the SCC special assessment?
[Staff matrix pp.

 $\Rightarrow [2,3]$

- Yes
- No

 \downarrow

NO

Which agency should have responsibility for administering and/or overseeing the taxation of electric utilities? [Staff Matrix, pp. 5,6]

- SCC
- Department of Taxation

Should any changes be adopted regarding the imposition and collection of the local consumer utility tax? [Staff Matrix, pp. 8,9]

IF YES, who should collect the consumer utility tax?

- Local distribution companies.
- Other

 \Rightarrow

If yes, on what basis should the consumer utility tax be imposed?

- Dollar amount billed
- kWh consumption
- Other

 \Rightarrow

 \Downarrow

NO-continue to collect consumer utility tax based on dollar amount billed Should the all real property of electric generating facilities be assessed and taxed in an identical manner? [Staff Matrix, pp. 7,8]

IF YES, who should perform these assessments?

• SCC should centrally

assess.

- Localities should assess
- Other

IF YES, what standards should be used in calculating assessed value:

Original cost less depreciation

 \Rightarrow

- "Book value" as defined by GAAP
- Develop a separate rate classification for generation facilities.
- Other

 $\downarrow \downarrow$

NO- SCC
continues to assess
generating
facilities of public
utilities, certified
assessments
forwarded to
localities to apply
real property rate.
IPP's and NUG's
facilities locally
assessed, taxed at
both real estate
and machinery
and tools rates.