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REFERENCE TITLE: **property tax; electric utilities valuation**

State of Arizona
Senate
Forty-sixth Legislature
First Regular Session
2003

SB 1086

Introduced by
Senator Brown

AN ACT

AMENDING SECTIONS 42-12001, 42-14151, 42-14154, 42-14155 AND 42-14156, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 14, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 42-14157 AND 42-14158; AMENDING LAWS 2000, CHAPTER 384, SECTION 7, AS AMENDED BY LAWS 2002, CHAPTER 234, SECTION 6; RELATING TO ELECTRIC UTILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 42-12001, Arizona Revised Statutes, is amended to
3 read:
4 42-12001. Class one property
5 For purposes of taxation, class one is established consisting of the
6 following subclasses:
7 1. Producing mines and mining claims, personal property used on mines
8 and mining claims, improvements to mines and mining claims and mills and
9 smelters operated in conjunction with mines and mining claims that are valued
10 at full cash value pursuant to section 42-14053.
11 2. Standing timber that is valued at full cash value.
12 3. Real and personal property of gas ~~and electric utility companies~~
13 DISTRIBUTION COMPANIES, ELECTRIC TRANSMISSION COMPANIES, ELECTRIC
14 DISTRIBUTION COMPANIES, COMBINATION GAS AND ELECTRIC TRANSMISSION AND
15 DISTRIBUTION COMPANIES AND ELECTRIC COOPERATIVES that are valued at full cash
16 value ~~or~~ pursuant to section 42-14151, ~~as applicable~~.
17 4. Real and personal property of airport fuel delivery companies that
18 are valued pursuant to section 42-14503.
19 5. Real and personal property that is used by producing oil, gas and
20 geothermal resource interests that are valued at full cash value pursuant to
21 section 42-14102.
22 6. Real and personal property of water, sewer and wastewater utility
23 companies that are valued at full cash value pursuant to section 42-14151.
24 7. Real and personal property of pipeline companies that are valued at
25 full cash value pursuant to section 42-14201.
26 8. Real and personal property of shopping centers that are valued at
27 full cash value or pursuant to chapter 13, article 5 of this title, as
28 applicable.
29 9. Real and personal property of golf courses that are valued at full
30 cash value or pursuant to chapter 13, article 4 of this title.
31 10. All property, both real and personal, of manufacturers, assemblers
32 or fabricators valued under the provisions of this title.
33 11. Real and personal property that is used in communications
34 transmission facilities and that provides public telephone or
35 telecommunications exchange or interexchange access for compensation to
36 effect two-way communication to, from, through or within this state.
37 12. Real property and improvements that are devoted to any other
38 commercial or industrial use, INCLUDING THE GENERATION OF ELECTRICITY, other
39 than property that is specifically included in another class described in
40 this article, and that are valued at full cash value.
41 13. Personal property that is devoted to any other commercial or
42 industrial use, INCLUDING THE GENERATION OF ELECTRICITY, other than property
43 that is specifically included in another class described in this article, and
44 that is valued at full cash value.

1 Sec. 2. Section 42-14151, Arizona Revised Statutes, is amended to
2 read:

3 42-14151. Annual determination of valuation; definition

4 A. The department shall annually determine the valuation, in the
5 manner prescribed by this article, of all property, owned or leased, and used
6 by taxpayers in the following businesses:

- 7 1. Operation of a natural gas distribution system.
- 8 2. Operation of a water utility system.
- 9 3. Operation of a sewer system or wastewater treatment facility.
- 10 4. **OPERATION OF AN ELECTRIC** generation ~~of electricity, the sale of~~
11 ~~which is not subject to regulation by the Arizona corporation commission~~
12 **FACILITY.**
- 13 5. **OPERATION OF AN ELECTRIC** transmission or distribution ~~of~~
14 ~~electricity~~ **SYSTEM.**

15 B. For the purposes of this article, ~~the~~ "generation of electricity"
16 ~~is~~ **MEANS** the process of taking a source of energy, including coal, natural
17 gas, oil, nuclear fuel or renewable sources and converting the energy into
18 electricity to be delivered to customers through a transmission and
19 distribution system. ~~Property used in the generation of electricity does not~~
20 ~~include property defined by the Arizona corporation commission as part of a~~
21 ~~transmission and distribution system or property subject to regulation by the~~
22 ~~Arizona corporation commission.~~

23 Sec. 3. Section 42-14154, Arizona Revised Statutes, is amended to
24 read:

25 42-14154. Computing valuation of electric transmission,
26 electric distribution, gas distribution,
27 combination gas and electric transmission and
28 distribution and transmission cooperative property;
29 definitions

30 A. The valuation of all electric **TRANSMISSION, ELECTRIC DISTRIBUTION,**
31 gas distribution, combination gas **AND ELECTRIC TRANSMISSION AND** distribution
32 and ~~electric utility or~~ transmission cooperative property that is subject to
33 valuation for tax purposes shall be determined in the manner prescribed by
34 this section except for:

- 35 1. The property of member-owned nonprofit electric distribution
36 cooperatives.
- 37 2. Renewable energy equipment that is valued pursuant to section
38 42-14155.

39 B. ~~An~~ Electric **TRANSMISSION, ELECTRIC DISTRIBUTION,** gas distribution,
40 combination ~~electric and~~ gas **AND ELECTRIC TRANSMISSION AND** distribution or
41 transmission cooperative ~~plant~~ **PROPERTY** shall be valued as follows:

- 42 1. The department shall determine the original plant in service cost.
- 43 2. The original plant in service cost shall then be reduced by:
 - 44 (a) The related accumulated provision for depreciation.

1 (b) The reduction in value caused by a state or federal governmental
2 order prohibiting total or partial physical use of ~~utility~~ ELECTRIC
3 TRANSMISSION, ELECTRIC DISTRIBUTION, GAS DISTRIBUTION, COMBINATION GAS AND
4 ELECTRIC TRANSMISSION AND DISTRIBUTION OR TRANSMISSION COOPERATIVE property
5 for periods of more than six months. Any reductions in value caused by a
6 total or partial prohibition of the physical use of ~~utility~~ THE property
7 shall not exceed the cost of the restricted property less accumulated
8 depreciation.

9 C. The value of construction work in progress is fifty per cent of the
10 amount spent and entered on the taxpayer's accounting records as of December
11 31 of the preceding calendar year as construction work in progress.

12 D. The value of materials and supplies is the total cost of such
13 property as of December 31 of the preceding calendar year.

14 E. The value of environmental protection facilities that are required
15 by law is fifty per cent of the depreciated cost of the facilities.

16 ~~F. The unit value of plant and materials and supplies shall be
17 allocated among the various taxing jurisdictions in proportion to the
18 original cost of the plant and materials and supplies in the respective
19 jurisdiction. The unit value of environmental protection facilities shall be
20 allocated among the various taxing jurisdictions in proportion to fifty per
21 cent of the original cost of the environmental protection facilities in the
22 respective jurisdiction. Construction work in progress shall be allocated on
23 a situs basis separately from the unit value of environmental protection
24 facilities, plant in service and materials and supplies.~~

25 ~~G.~~ F. All terms and applications of terms shall be interpreted
26 according to the federal energy regulatory commission uniform system of
27 accounts for electric and gas utilities in effect on January 1, 1989.

28 ~~H.~~ G. In this section, unless the context otherwise requires:

29 1. "Construction work in progress" means the total of the balances of
30 work orders for an electric TRANSMISSION, ELECTRIC DISTRIBUTION, gas
31 distribution, combination ~~electric and~~ gas AND ELECTRIC TRANSMISSION AND
32 distribution or transmission cooperative plant in process of construction on
33 December 31 of the preceding calendar year, exclusive of land rights and
34 licensed vehicles.

35 2. "Depreciation" means straight line depreciation over the useful
36 life of the item of property.

37 3. "ELECTRIC TRANSMISSION, ELECTRIC DISTRIBUTION, GAS DISTRIBUTION,
38 COMBINATION GAS AND ELECTRIC TRANSMISSION AND DISTRIBUTION AND TRANSMISSION
39 COOPERATIVE PROPERTY" MEANS PLANT, CONSTRUCTION WORK IN PROGRESS, MATERIALS
40 AND SUPPLIES AND ENVIRONMENTAL PROTECTION FACILITIES.

41 ~~3.~~ 4. "Environmental protection facilities" means the acquisition or
42 construction cost of any building, structure, equipment, facility or
43 improvement that is designed and constructed solely to control, reduce,
44 prevent or abate:

1 (a) Discharges or releases into the environment of gaseous, liquid or
2 solid substances, heat or noise.

3 (b) Any other adverse impact of an activity on the environment.

4 ~~4.~~ 5. "Materials and supplies" means the cost, including sales, use
5 and excise taxes, and transportation costs to point of delivery in this
6 state, less purchases and trade discounts, of all unapplied material and
7 supplies on hand in this state as of December 31 of the preceding calendar
8 year.

9 ~~5.~~ 6. "Original plant in service cost" means the actual cost of
10 acquiring or constructing property including additions, retirements,
11 adjustments and transfers, but without deducting related accumulated
12 provision for depreciation, amortization or other purposes.

13 ~~6.~~ 7. "Plant" means all property that is situated in this state and
14 that is used or useful for the ~~generation,~~ transmission or distribution of
15 electric power or distribution of natural gas. Plant does not include land
16 rights, materials and supplies and licensed vehicles.

17 ~~7.~~ 8. "Transmission cooperative" means a member-owned nonprofit
18 electric transmission cooperative corporation that is organized under or
19 becomes subject to title 10, chapter 19, article 4.

20 ~~8. "Utility property" means an electric, gas distribution, combination~~
21 ~~electric and gas distribution or transmission cooperative plant, construction~~
22 ~~work in progress, materials and supplies and environmental protection~~
23 ~~facilities.~~

24 Sec. 4. Section 42-14155, Arizona Revised Statutes, is amended to
25 read:

26 42-14155. Valuation of renewable energy equipment; definition

27 A. Through December 31, 2011, the department shall determine the
28 valuation of taxable renewable energy equipment in the manner prescribed by
29 this section.

30 B. The value of renewable energy equipment is twenty per cent of the
31 depreciated cost of the equipment.

32 C. For THE purposes of this section, "renewable energy equipment"
33 means electric GENERATION FACILITIES, ELECTRIC TRANSMISSION, ELECTRIC
34 DISTRIBUTION, gas distribution or combination ~~electric and~~ gas AND ELECTRIC
35 TRANSMISSION AND distribution property that is located in this state, that is
36 used or useful for the generation, storage, transmission or distribution of
37 electric power, energy or fuel derived from solar, wind or other nonpetroleum
38 renewable sources NOT INTENDED FOR SELF-CONSUMPTION, ~~not~~ including materials
39 and supplies and CONSTRUCTION WORK IN PROGRESS, BUT EXCLUDING licensed
40 vehicles, ~~and that is wholly owned by a utility company that is licensed to~~
41 ~~deliver natural gas or electricity to wholesale or retail customers in or~~
42 ~~outside this state~~ AND PROPERTY VALUED UNDER SECTIONS 42-14154 AND 42-14156.

1 Sec. 5. Section 42-14156, Arizona Revised Statutes, is amended to
2 read:

3 42-14156. Computing valuation of electric generation
4 facilities; definitions

5 A. The valuation of ~~electrical~~ ELECTRIC generation facilities
6 described in section 42-14151, subsection A, paragraph 4 shall be determined
7 as follows:

8 1. The value of land used by the facility shall be determined by the
9 county assessor in the county in which the property is located AND
10 TRANSMITTED TO THE DEPARTMENT.

11 2. The valuation of REAL PROPERTY improvements ~~to the real property~~
12 used in operating the facility is ~~the replacement cost new less the~~
13 ~~department's scheduled depreciated value as prescribed in the department's~~
14 ~~guidelines~~ THE COST MULTIPLIED BY VALUATION FACTORS PRESCRIBED BY TABLES
15 ADOPTED BY THE DEPARTMENT.

16 3. The valuation of personal property used in operating the facility
17 is the ~~acquisition~~ cost ~~less any appropriate depreciation~~ MULTIPLIED BY THE
18 VALUATION FACTORS as prescribed by tables adopted by the department, adjusted
19 as follows:

20 (a) For the first year of assessment, the department shall use
21 thirty-five per cent of the scheduled depreciated value.

22 (b) For the second year of assessment, the department shall use
23 fifty-one per cent of the scheduled depreciated value.

24 (c) For the third year of assessment, the department shall use
25 sixty-seven per cent of the scheduled depreciated value.

26 (d) For the fourth year of assessment, the department shall use
27 eighty-three per cent of the scheduled depreciated value.

28 (e) For the fifth and subsequent years of assessment, the department
29 shall use the scheduled depreciated value as prescribed in the department's
30 guidelines.

31 4. In addition to the ~~depreciation~~ COMPUTATION prescribed in ~~paragraph~~
32 PARAGRAPHS 2 AND 3 of this subsection, THE TAXPAYER MAY SUBMIT DOCUMENTATION
33 SHOWING THE NEED FOR, AND the department shall ~~make~~ CONSIDER, an ADDITIONAL
34 adjustment ~~for all forms of~~ TO RECOGNIZE obsolescence ~~that could affect~~
35 ~~market value~~.

36 5. The ~~depreciation~~ VALUATION prescribed in paragraph ~~3- 2~~ of this
37 subsection shall not reduce the valuation below ~~the minimum value prescribed~~
38 ~~by section 42-13055~~ TEN PER CENT OF THE COST OF THE REAL PROPERTY
39 IMPROVEMENTS. THE VALUATION PRESCRIBED IN PARAGRAPH 3 OF THIS SUBSECTION
40 SHALL NOT REDUCE THE VALUATION BELOW TEN PER CENT OF THE COST OF THE PERSONAL
41 PROPERTY.

42 6. THE FOLLOWING FACTORS APPLY IN DETERMINING COST FOR THE PURPOSES OF
43 THIS SUBSECTION:

44 (a) "COST" MEANS THE COST OF CONSTRUCTING OR ACQUIRING THE PROPERTY IN
45 AN ARM'S LENGTH TRANSACTION.

1 (b) THE COST OF PERSONAL PROPERTY IS THE INVOICE COST OF THE PERSONAL
2 PROPERTY, THE COST OF TRANSPORTING THE PROPERTY TO THE FACILITY SITE AND THE
3 COST OF LABOR TO INSTALL THE PROPERTY, PLUS ANY TRANSACTION PRIVILEGE OR USE
4 TAXES PAID.

5 (c) THE COST OF LEASED PROPERTY IS THE LESSOR'S COST OF THE PROPERTY,
6 EXCEPT THAT IN THE CASE OF A LEASE FINANCING TRANSACTION, THE COST IS THE
7 LESSEE'S OR OPERATOR'S COST OF THE PROPERTY.

8 (d) IN THE CASE OF A FACILITY THAT IS ACQUIRED FROM ANOTHER TAXPAYER:

9 (i) IF, AFTER THE ACQUISITION, THE BUYER HAS POSSESSION OF THE COST
10 INFORMATION, THE VALUATION OF THE FACILITY SHALL CONTINUE BASED ON THE
11 SELLER'S COST AS IF THERE WERE NO CHANGE IN OWNERSHIP.

12 (ii) IF, AFTER THE ACQUISITION, THE BUYER DOES NOT POSSESS THE COST
13 INFORMATION, THE ACQUISITION COST IN AN ARM'S LENGTH TRANSACTION SHALL BE
14 USED.

15 ~~6-~~ 7. The department shall not value personal property construction
16 work in progress until the property is first placed in commercial service.
17 FOR THE PURPOSES OF THIS PARAGRAPH, "COMMERCIAL SERVICE" MEANS:

18 (a) FOR MACHINERY AND EQUIPMENT USED IN THE GENERATION OF ELECTRICITY
19 BEING VALUED AND PLACED ON THE TAX ROLL FOR THE FIRST TIME, THE OFFICIAL
20 ASSUMPTION OF OPERATION AND OWNERSHIP OF THE MACHINERY AND EQUIPMENT FROM THE
21 CONTRACTOR BY THE PLANT OPERATOR.

22 (b) FOR MACHINERY AND EQUIPMENT ADDED TO EXISTING ELECTRIC GENERATION
23 FACILITIES, THAT THE CONSTRUCTION WORK HAS PROGRESSED TO A SUFFICIENT DEGREE
24 FOR THE MACHINERY AND EQUIPMENT TO BE USEFUL FOR THE PURPOSE FOR WHICH IT IS
25 BEING CONSTRUCTED.

26 (c) FOR MACHINERY AND EQUIPMENT RELATED TO SELF-CONSTRUCTED
27 FACILITIES, THAT THE CONSTRUCTION WORK HAS PROGRESSED TO A SUFFICIENT DEGREE
28 FOR THE MACHINERY AND EQUIPMENT TO BE USEFUL FOR THE PURPOSE FOR WHICH IT IS
29 BEING CONSTRUCTED.

30 B. For the purposes of this section:

31 ~~1. "Acquisition cost" means original cost to the current owner in an~~
32 ~~arm's length transaction between unrelated parties.~~

33 ~~2. "Personal property" means tangible personal property, including~~
34 ~~cost of materials, labor and freight.~~

35 1. "PERSONAL PROPERTY" MEANS TANGIBLE PROPERTY EXCEPT FOR LAND AND
36 REAL PROPERTY IMPROVEMENTS.

37 2. "REAL PROPERTY IMPROVEMENTS":

38 (a) MEANS BUILDINGS, INCLUDING ADMINISTRATION BUILDINGS, MAINTENANCE
39 WAREHOUSES AND GUARD SHACKS, WATER RETENTION PONDS, SEWAGE TREATMENT PONDS,
40 RESERVOIRS, SIDEWALKS, DRIVES, CURBS, PARKING LOTS, TUNNELS, DUCT BANKS,
41 CANALS, FENCING AND LANDSCAPING.

42 (b) DOES NOT INCLUDE FOUNDATIONS OR SUPPORTS FOR THE MACHINERY OR
43 APPARATUS FOR WHICH THEY ARE PROVIDED.

1 Sec. 6. Title 42, chapter 14, article 4, Arizona Revised Statutes, is
2 amended by adding sections 42-14157 and 42-14158, to read:

3 42-14157. Allocation of electric transmission, distribution and
4 generation values among taxing jurisdictions;
5 definition

6 A. THE VALUE OF PROPERTY COMPUTED UNDER SECTIONS 42-14154 AND 42-14156
7 SHALL BE ALLOCATED AMONG THE VARIOUS TAXING JURISDICTIONS AS FOLLOWS:

8 1. COMBINE THE VALUES FOR PLANT IN SERVICE AND MATERIALS AND SUPPLIES
9 PURSUANT TO SECTION 42-14154 WITH THE VALUE OF ELECTRIC GENERATION FACILITIES
10 PURSUANT TO SECTION 42-14156 FOR THE OWNER OR THE COMBINED GROUP.

11 2. COMBINE THE ORIGINAL PLANT IN SERVICE COSTS AND MATERIALS AND
12 SUPPLIES PURSUANT TO SECTION 42-14154 WITH THE ORIGINAL COST OF GENERATION
13 PLANT FACILITIES PURSUANT TO SECTION 42-14156 FOR THE OWNER OR THE COMBINED
14 GROUP.

15 3. ALLOCATE THE VALUE DETERMINED UNDER PARAGRAPH 1 AMONG THE TAXING
16 JURISDICTIONS IN PROPORTION TO THE ORIGINAL COST DETERMINED UNDER
17 PARAGRAPH 2.

18 B. THE UNIT VALUE OF ENVIRONMENTAL PROTECTION FACILITIES UNDER SECTION
19 42-14154 SHALL BE ALLOCATED AMONG THE VARIOUS TAXING JURISDICTIONS IN
20 PROPORTION TO THE ORIGINAL COST OF THE ENVIRONMENTAL PROTECTION FACILITIES OF
21 THE OWNER OR COMBINED GROUP IN THE RESPECTIVE JURISDICTION.

22 C. CONSTRUCTION WORK IN PROGRESS DETERMINED UNDER SECTIONS 42-14154
23 AND 42-14156 SHALL BE ALLOCATED AMONG THE VARIOUS TAXING JURISDICTIONS ON A
24 SITUS BASIS SEPARATELY FROM THE UNIT VALUE OF ENVIRONMENTAL PROTECTION
25 FACILITIES.

26 D. THE UNIT VALUE OF RENEWABLE ENERGY EQUIPMENT DETERMINED UNDER
27 SECTION 42-14155 SHALL BE ALLOCATED AMONG THE VARIOUS TAXING JURISDICTIONS IN
28 PROPORTION TO THE ORIGINAL COST OF THE RENEWABLE ENERGY EQUIPMENT OF THE
29 OWNER IN THE RESPECTIVE JURISDICTION.

30 E. FOR THE PURPOSES OF THIS SECTION, "COMBINED GROUP" MEANS ALL
31 CORPORATIONS AND OTHER ENTITIES THAT ARE AT LEAST EIGHTY PER CENT OWNED OR
32 CONTROLLED BY A COMMON PARENT ENTITY, DETERMINED BY REFERENCE TO VOTING
33 SHARES.

34 42-14158. Existing generation facilities; computing adjusted
35 original cost for 2004; computing full cash value
36 for 2004 and thereafter; definitions

37 A. NOTWITHSTANDING SECTION 42-14156, THE DEPARTMENT, IN THE MANNER
38 PRESCRIBED BY THIS SECTION, SHALL COMPUTE AN ADJUSTED ORIGINAL COST FOR USE
39 IN DETERMINING THE FULL CASH VALUE FOR THE 2004 VALUATION YEAR OF EACH
40 ELECTRIC GENERATION FACILITY THAT WAS IN OPERATION AS OF JANUARY 1,
41 2001. THE ADJUSTED ORIGINAL COST SHALL BE USED IN LIEU OF THE ACTUAL
42 ORIGINAL COSTS FOR COMPUTING THE FULL CASH VALUE OF THOSE FACILITIES FOR 2004
43 AND SUBSEQUENT VALUATION YEARS. SECTION 42-14156 APPLIES FOR PURPOSES OF
44 DETERMINING THE FULL CASH VALUES OF ELECTRIC GENERATION FACILITIES THAT WERE
45 NOT OPERATING BEFORE JANUARY 1, 2001.

- 1 B. TO COMPUTE THE ADJUSTED ORIGINAL COST WITH RESPECT TO AN EXISTING
2 ELECTRIC GENERATION FACILITY, THE DEPARTMENT SHALL:
- 3 1. COMPUTE THE FULL CASH VALUE RATIO OF THE FACILITY BY DIVIDING THE
4 TOTAL FULL CASH VALUE USED FOR THE 2003 TAX YEAR, LESS THE VALUE OF RENEWABLE
5 ENERGY EQUIPMENT DETERMINED PURSUANT TO SECTION 42-14155 AND MATERIALS AND
6 SUPPLIES, BY THE TOTAL ORIGINAL COST, LESS THE VALUE OF RENEWABLE ENERGY
7 EQUIPMENT DETERMINED PURSUANT TO SECTION 42-14155 AND MATERIALS AND SUPPLIES
8 FOR THE FACILITY AS OF DECEMBER 31, 2001.
- 9 2. ITEMIZE THE REPORTED ORIGINAL COST FOR THE FACILITY BY VINTAGE
10 YEAR, SEPARATELY LISTING REAL PROPERTY IMPROVEMENTS AND PERSONAL PROPERTY AS
11 DEFINED IN SECTION 42-14156 AND EXCLUDING RENEWABLE ENERGY EQUIPMENT
12 DETERMINED PURSUANT TO SECTION 42-14155 AND MATERIALS AND SUPPLIES.
- 13 3. ALLOCATE THE FULL CASH VALUE BY VINTAGE YEAR FOR THE FACILITY BY
14 MULTIPLYING EACH FACILITY'S CORRESPONDING VINTAGE YEAR ORIGINAL COST OF REAL
15 PROPERTY IMPROVEMENTS AND PERSONAL PROPERTY BY THE FULL CASH VALUE RATIO.
- 16 4. COMPUTE THE ADJUSTED ORIGINAL COST BY VINTAGE YEAR FOR REAL
17 PROPERTY IMPROVEMENTS AND PERSONAL PROPERTY BY DIVIDING THE CORRESPONDING
18 VINTAGE YEAR FULL CASH VALUE BY THE VALUATION FACTORS REFLECTED IN THE
19 DEPARTMENT'S ELECTRIC GENERATION VALUATION TABLES WITHOUT THE VALUATION
20 PHASE-IN ADJUSTMENTS PRESCRIBED IN SECTION 42-14156, SUBSECTION A,
21 PARAGRAPH 3.
- 22 C. THE DEPARTMENT SHALL COMPUTE THE FULL CASH VALUE FOR THE 2004 AND
23 SUBSEQUENT VALUATION YEARS OF AN EXISTING ELECTRIC GENERATION FACILITY AS
24 FOLLOWS:
- 25 1. ON OR BEFORE APRIL 1, 2003, THE OWNER OF THE FACILITY SHALL REPORT
26 TO THE DEPARTMENT INFORMATION NECESSARY TO COMPUTE THE ADJUSTED ORIGINAL
27 COST, INCLUDING THE ORIGINAL COST OF ALL REAL PROPERTY IMPROVEMENTS AND
28 PERSONAL PROPERTY USED IN THE GENERATION OF ELECTRICITY FOR THE FACILITY, BY
29 VINTAGE YEAR, SEPARATELY IDENTIFYING ASSETS ADDED TO OR RETIRED FROM SERVICE
30 ON OR AFTER JANUARY 1, 2002. RETIREMENTS BEFORE JANUARY 1, 2002 SHALL BE
31 ADJUSTED BASED ON THE PERCENTAGE OF ADJUSTED ORIGINAL COST TO ACTUAL ORIGINAL
32 COST FOR EACH VINTAGE YEAR.
- 33 2. MULTIPLY THE ADJUSTED ORIGINAL COST FOR REAL PROPERTY IMPROVEMENTS
34 AND PERSONAL PROPERTY BY THE CORRESPONDING VALUATION FACTORS REFLECTED IN THE
35 DEPARTMENT'S ELECTRIC GENERATION VALUATION TABLES WITHOUT THE VALUATION
36 PHASE-IN ADJUSTMENTS PRESCRIBED IN SECTION 42-14156, SUBSECTION A,
37 PARAGRAPH 3.
- 38 3. MULTIPLY THE COST OF REAL PROPERTY IMPROVEMENTS AND PERSONAL
39 PROPERTY ADDED ON OR AFTER JANUARY 1, 2002 BY THE VALUATION FACTORS REFLECTED
40 IN THE DEPARTMENT'S ELECTRIC GENERATION VALUATION TABLES AND APPLYING THE
41 PHASE-IN ADJUSTMENTS PRESCRIBED IN SECTION 42-14156, SUBSECTION A,
42 PARAGRAPH 3.

1 D. FOR THE PURPOSES OF THIS SECTION:

2 1. "ORIGINAL COST" MEANS THE ACTUAL COST OF ACQUIRING OR CONSTRUCTING
3 PROPERTY, INCLUDING ADDITIONS, RETIREMENTS, ADJUSTMENTS AND TRANSFERS.

4 2. "VINTAGE YEAR" MEANS THE FIRST YEAR OF DEPRECIATION OF THE ASSET
5 REFLECTED ON THE OWNER'S BALANCE SHEET.

6 Sec. 7. Laws 2000, chapter 384, section 7, as amended by Laws 2002,
7 chapter 234, section 6, is amended to read:

8 Sec. 7. Delayed repeal

9 1. Laws 2000, chapter 384, section 4, relating to computing the
10 valuation of existing generation properties for tax years 2001 and 2002, is
11 repealed from and after December 31, 2002.

12 2. Laws 2000, chapter 384, section 5, relating to the voluntary
13 contribution to taxing jurisdictions, is repealed from and after December 31,
14 ~~2004~~ 2002.

15 3. Laws 2000, chapter 384, section 6, relating to the department of
16 revenue report, is repealed from and after December 31, 2002.

17 4. LAWS 2002, CHAPTER 234, section 3 ~~of this act~~, relating to the
18 valuation of electric generation property for tax year 2003, LAWS 2002,
19 CHAPTER 234, section 4 ~~of this act~~, relating to the allocation of valuation
20 for purposes of tax year 2003 and LAWS 2002, CHAPTER 234, section 5 ~~of this~~
21 ~~act~~, relating to reporting requirements, are repealed from and after December
22 31, 2004. The repeal of LAWS 2002, CHAPTER 234, sections 3, 4 and 5 ~~of this~~
23 ~~act~~ does not affect any liability for tax, penalty or interest accrued
24 pursuant to those sections.

25 Sec. 8. Retroactivity

26 This act is effective retroactively to from and after December 31,
27 2002.