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November 15, 2007

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Michael E. Marshall, Secretary of the Senate
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HOUSE OF REPRESENTATIVES

RE: Replacement Tax Study Committee Report pursuant to Iowa Code § 476.6(20)

This report is submitted to the General Assembly pursuant to Iowa Code § 476.6(20), which was enacted by the General Assembly in the 1998 session (see 98 Acts, ch. 1194, § 37, originally known as Senate File 2416). The statute required that during the years 1998 through 2002, the Iowa Utilities Board convene a committee to "study the effects of the replacement tax on both restructuring and the development of competition in the gas and electric industries in this state." The Board was then to report the results of the study to the General Assembly by January 1 of each year through 2003.

The committee requirement was established in 1998 with the expectation that Iowa would soon restructure its retail gas and electric industries in a manner that would allow competition to displace regulation. However, Iowa did not restructure those industries, so there was nothing for the committee to study, and in its last report to the General Assembly the Board indicated that unless there was a change in circumstances, the Board did not intend to reconvene the replacement tax study committee, due to lack of any useful purpose that could be served.

Section 476.6(2) also provides that the replacement tax study committee should reconvene once after 2003 and the Board should submit an additional report to the General Assembly by January 1, 2008. However, the relevant circumstances have not changed since the Board's last report. The retail gas and electric industries have not been restructured and there is therefore no "effect of the replacement tax on ... restructuring and ... competition" to be studied. For this reason, the Board once again reports to the General Assembly that, due to lack of purpose, the Board has not convened the replacement tax study committee.

Sincerely,


John Norris, Chairman

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