

FEB 11 2004
WAYS AND MEANS

HOUSE FILE 2214
BY BAUDLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the allocation of natural gas delivery taxes
2 on delivery of natural gas to a new electric power generating
3 peaking plant.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 437A.3, Code Supplement 2003, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 23A. "Peaking plant" means, for any tax
4 year, a new electric power generating plant, regardless of
5 ownership, which operated during the preceding calendar year
6 at a net capacity factor of thirty-five percent or less. For
7 purposes of this subsection, "net capacity factor" means net
8 actual generation during the preceding calendar year divided
9 by the product of nameplate capacity times the number of hours
10 the plant was in the active state during the preceding
11 calendar year. Upon commissioning, a plant is in the active
12 state until it is decommissioned. For purposes of this
13 subsection, "net actual generation" means the net electrical
14 megawatt hours produced by a plant during a calendar year.

15 Sec. 2. Section 437A.15, subsection 3, paragraph a,
16 unnumbered paragraph 2, Code Supplement 2003, is amended to
17 read as follows:

18 When allocating natural gas delivery taxes on deliveries of
19 natural gas to a new electric power generating plant, except
20 as a peaking plant, ten percent of those natural gas delivery
21 taxes shall be allocated over new gas property built to
22 directly serve the new electric power generating plant and
23 ninety percent of those natural gas delivery taxes shall be
24 allocated to the general property tax equivalents of all gas
25 property within the natural gas competitive service area or
26 areas where the new gas property is located.

27 When allocating natural gas delivery taxes on deliveries of
28 natural gas to a new electric power generating peaking plant,
29 one hundred percent of those natural gas delivery taxes shall
30 be allocated over new gas property built to directly serve the
31 new electric power generating peaking plant.

32 EXPLANATION

33 This bill provides that in the case of a new electric power
34 generating peaking plant, 100 percent of the natural gas
35 delivery taxes on delivery of natural gas to such plant is

1 allocated to the new gas property built to directly serve the
2 peaking plant rather than the 10 percent under present law.
3 This tax is in lieu of property taxes and is imposed pursuant
4 to Code chapter 437A. A "peaking plant" is a new electric
5 power generating plant that initially generates electricity on
6 or after January 1, 2003, and which has a net capacity factor
7 for the previous calendar year of 35 percent or less.

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