

CHAPTER 10. ELECTRIC COOPERATIVE TAX

Mutual and cooperative electrical associations are subject to a tax on gross earnings that is in-lieu of all other taxes on transmission and distribution lines. The associations must be nonprofit and the principle purpose must be to distribute electricity to its members. (See expenditure 2.064, Nonprofit Electrical Distribution Associations.)

Per ORS 308.807, associations must pay the lesser of :

- An in-lieu of property tax at 4 percent on gross earnings minus power costs; or
- The sum of (a) the real market value of the transmission and distribution lines multiplied by the maximum school tax rate allowable under ORS 310.150, plus (b) the real market value of the transmission and distribution lines multiplied by \$10 per \$1,000 of real market value, and (c) the real market value of the transmission and distribution lines multiplied by the tax rate of the county for exempt bonded indebtedness as defined in ORS 310.140.

For the 2007–2008 tax year, 18 associations paid the gross earnings tax, and one paid the tax described in the second calculation.

The distribution of proceeds depends on which calculation method is used. If the first method is used, proceeds from the tax on gross earnings are distributed to the counties in proportion to the system's wire miles in each county. These payments are distributed one-third to the county school fund and two-thirds to the county general fund. If the second calculation method is used, payments are deposited in the unsegregated tax collections account and distributed according to the percentage distribution schedule in ORS 311.390.

Total collections in the 2007–09 biennium are expected to be \$13.9 million. For the 2009–11 biennium, revenues of \$15.9 million are forecast.

10.001 REVENUE FROM GOVERNMENT LEASED LINES

Oregon Statute: 308.805

Sunset Date: None

Year Enacted: 1969

	Total
2007–09 Revenue Impact:	\$100,000
2009–11 Revenue Impact:	\$100,000

- DESCRIPTION:** Revenue received by nonprofit mutual and cooperative electric distribution associations for leasing lines to the government is exempt from the gross earnings tax calculation for the electric cooperative tax.
- PURPOSE:** The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to exempt government from paying the tax.
- WHO BENEFITS:** There are 19 cooperatives in Oregon subject to the tax; four of them received this exemption.
- EVALUATION:** Not evaluated.