

Fiscal Estimate Narratives
DOR 3/16/2010

LRB Number 09-3827/1	Introduction Number AB-0801	Estimate Type Original
Description A sales and use tax exemption for electricity used to make snow		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, electricity used in manufacturing tangible personal property is exempt from sales and use tax. Ski resorts and ski hills are exempt under current law for the electricity they use to make snow, as the snow they make is tangible personal property produced by "manufacturing." The exemption for electricity includes electricity used to operate pumps which pump water to the snow making equipment and the electricity used to operate the snow making machine itself.

Moreover, under current law an exemption is also provided for electricity sold for residential use at the primary residence during the months of November through April, when outside temperatures are cold enough to make snow outdoors. "Residential use" is defined as the use at a person's primary residence, excluding vacation or second residences.

This bill creates a sales and use tax exemption for electricity sold in making snow.

As electricity sold for use in making snow is already exempted from sales and use tax in this state, for most locations and facilities where snow making would be expected to occur, the bill is not expected to have any significant state or local fiscal effect. The department's administrative costs under the bill may be absorbed within existing budget authority.

Long-Range Fiscal Implications