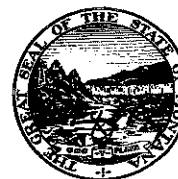




Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

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Contact: Dan Bucks, Director, Montana Department of Revenue, (406) 444-1900 or Cynthia Pearson, Public Information Officer, Montana Department of Revenue, (406) 444-6700

Department of Revenue, PPL Montana Reach Tax Compromise PPL Montana to pay 94% of property taxes assessed over 8 years

(HELENA) - The Montana Department of Revenue has reached a negotiated compromise with PPL Montana on the company's protested property taxes for 2003 through 2007.

Between the Supreme Court decision for tax years 2000-2002 and this settlement, PPL Montana will pay 94% of their assessed taxes over eight years. Statewide, PPL Montana's assessed taxes were roughly \$121 million over those years. PPL Montana wanted to pay only \$76 million in tax, 63% of the assessed amount, placing \$45 million in protest. The agreement provides that PPL Montana will pay \$114 million in property taxes for the eight years.

"The Supreme Court upheld Montana's method of taxation and determined our approach was fair," said Dan Bucks, Director of the Montana Department of Revenue. "That has resulted in PPL Montana paying almost all of the taxes we believed they owed over eight years."

The agreement provides for releasing protested funds to state and local governments and refunding a portion of the taxes to PPL Montana. The agreement will affect Cascade, Lewis and Clark, Rosebud, Stillwater, Lake, Flathead, Madison, Sanders, Gallatin, Butte-Silver Bow and Yellowstone counties and the state.

"The state prevailed in the fundamental constitutional issue before the court," Bucks said. "I believe that both sides recognized the value of reaching an agreement now that the legal issues have been decided by the court."

The \$45 million paid under protest by PPL Montana has been placed in escrow by most of the affected counties. It was not available to fund K-12 programs or other county-funded programs during those eight years. This settlement will release \$38 million to the appropriate taxing jurisdictions.

"PPL did the right thing in reaching this agreement and putting the matter behind them," Bucks said. "I hope other major corporations that have protested their taxes will read this decision carefully, recognize the department's determination to defend the laws of Montana, and come to the table to do what is right for Montana's school children. It is the children who suffer when taxes are unnecessarily or excessively protested."

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Great Falls Tribune Editorial
Article published Feb 5, 2008
Property tax settlements: One down and one to go

It was a long time coming ... too long, probably.

But last week a number of counties and school districts got some good financial news: PPL Montana and the state reached a property tax agreement that will free up more than \$45 million in protested taxes.

Nowhere is the effect of this settlement greater than in Cascade County, site of five PPL hydroelectric dams and related infrastructure.

County Treasurer Jess Anderson said a total of \$17.5 million had been tied up here for county government and the Great Falls and Belt school districts. He said he'd receive new valuation information from the state this week, and only then would he be able to tell how much each entity will get.

It should be noted that this is no kind of windfall. In fact, PPL will wind up paying substantially less than the state originally had said the company owed in taxes.

PPL's bill for the eight years of protests was \$121 million, and the company did pay that amount. However, about 37 percent of it was paid under protest. That meant about \$45 million was held in escrow until the protests were settled.

The state Supreme Court ruled in a case involving the first three years of the protest, and the settlement announced last week resolves the other five years.

Under terms of the settlement, the taxing jurisdictions will get \$38 million of the protested amount, and PPL will get the other \$7 million - not a bad piece of work by PPL's lawyers.

The counties and schools will get less than they originally thought, but at least they'll get most of the protested money.

One of the biggest problems caused by protests of this magnitude is that they hamstring the taxing jurisdictions, which are damned if they don't spend the money on needed programs and services, and damned if they do spend it in the event the protests succeed. In that event, the governments would have to pay the money back, with interest.

"It's the children who suffer when taxes are unnecessarily or excessively protested," said Dan Bucks, director of the state Department of Revenue.

The settlement leaves one other \$40 million-plus protest out there: NorthWestern Energy paid \$43.8 million of 2005-07 taxes under protest.

We hope that case moves ahead more quickly than the PPL case did.

Article published Feb 1, 2008
PPL finally settles \$45 million tax protest
By KARL PUCKETT
Tribune Staff Writer

The state's longest-running tax fight has been settled, freeing up \$45 million in protested taxes, including more than \$17 million in Cascade County.

The state Department of Revenue and PPL Montana announced Thursday that they have reached a deal to settle the company's protested taxes for 2003-2007.

The state Supreme Court previously issued a decision that resolved taxes protested from 2000-2002.

A total of \$45 million, the amount tied up in protest over the entire eight years, will be released to PPL and state and local taxing jurisdictions in 11 counties - with PPL receiving \$7 million and the governments getting \$38 million.

Revenue Director Dan Bucks said the PPL tax dispute involved more years than any other protest.

"It's great for this to be over and on very favorable terms," he said.

Counties will release the protested amounts, which are being held in escrow.

"We're going to urge them to proceed as expeditiously as possible," Bucks said.

Under the agreement, PPL will dismiss its remaining appeals before the State Tax Appeal Board after the money is distributed.

PPL, the state's largest privately owned generator of electricity, was protesting the assessed value on its coal-fired and hydro-generating facilities in Cascade, Lewis and Clark, Rosebud, Stillwater, Lake, Flathead, Madison, Sanders, Gallatin, Butte-Silver Bow and Yellowstone counties.

The assessed value is used in tax calculations.

"The whole issue hasn't been about avoiding taxes," PPL spokesman David Hoffman said. "It was really just an issue about fair treatment.

Protested amounts piled up each year and eventually began causing headaches for local officials trying to set their budgets.

"It is the children who suffer when taxes are unnecessarily or excessively protested," Bucks said.

A total of \$17.5 million in protested taxes accumulated in Cascade County over the eight years.

With the settlement, a portion of that amount will be returned to PPL, while the rest will go to the Cascade County government and school districts in Great Falls and Belt, Treasurer Jess Anderson said.

The city of Great Falls will not be receiving money because the Missouri River hydro-facilities involved in the dispute are located in the county.

Anderson said he won't be able pinpoint how much each local entity will receive until he receives adjusted valuation information. The state will mail that information to counties next week, he said.

Bucks said he hoped the agreement, along with the previously Supreme Court decision, would encourage other companies protesting large amounts to come to the negotiating table.

PPL, will end up paying \$114 million, or 94 percent, of the original \$121 million in assessed taxes over the eight years, he said. The company has already paid that amount, but \$45 million, or 37 percent of the original taxes, was paid under protest.

In December, the state Supreme Court ruled on a constitutional question that affected the first three years of the protest. PPL, an unregulated utility, argued that it was treated differently under the law because its property was being valued higher than similar regulated property.

The Supreme Court sided with the state on that question.

"That has resulted in PPL Montana paying almost all of the taxes we believed they owed over eight years," Bucks said.

Hoffman said the company does not plan to protest its 2008 taxes - but it hasn't seen the assessment yet, either.

"I think we've reached some understanding with the department that might help in calculating those assessments beforehand," he said.