
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2604

Session of
1988

INTRODUCED BY VAN HORNE, TRELLO, STUBAN, RICHARDSON, GRUPPO,
WASS AND COLAFELLA, JUNE 30, 1988

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JUNE 30, 1988

AN ACT

1 Providing compensation for those communities which are affected
2 by public utility electricity generating stations and incur
3 economic loss by virtue of having such facilities sited
4 within their jurisdictions.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Community
9 Compensation Act.

10 Section 2. Declaration of policy.

11 The General Assembly finds and declares that:

12 (1) The public interest in commerce within this
13 Commonwealth and in the economic well-being of the citizenry
14 and the consumers of energy require that electricity
15 generating facilities be constructed and operated on a timely
16 basis.

17 (2) The construction and operation of such generating
18 facilities, which inure to the benefit of all segments of the

populace, should not create undue disadvantages to the residents of the communities in which they are located.

(3) Current taxing practices do not completely offset the tax loss caused by the removal of electricity generating stations from local tax rolls.

Section 3. Purpose.

It is the purpose of this act to compensate local taxing authorities in part for the lost property tax revenues and other burdens of electricity generating plants located within their jurisdictions.

Section 4. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Affected local taxing authority." Includes counties and school districts of this Commonwealth, any part of whose land area lies within ten miles of an electricity generating station, and cities, boroughs, townships and incorporated towns within whose borders lie any part of an electricity generating station.

"Department." The Department of Revenue of the Commonwealth.

"Electricity generating station." Any electricity generating unit located in this Commonwealth and owned in whole or in part by a public utility, as defined in the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, including such land as is contiguous thereto which is determined by the department to be necessary for the operation thereof, whose primary means of producing electricity is by use of steam or water-driven turbines, the capacity of which is 25 megawatts or greater as determined by nameplate rating. Excluded from this term shall be all facilities identified in the reports specified

1 in section 6(d) as having no identifiable prospect for future
2 generation.

3 "Fund." The Community Compensation Fund.

4 "Megawatt component." In any applicable fiscal year, 50% of
5 the total amount which is or would be in the fund created by
6 this act, after the amount specified in section 5(b) is paid
7 into the fund, divided by the sum of the nameplate ratings of
8 all electricity generating stations in this Commonwealth.

9 "Megawatt-hour component." In any applicable fiscal year,
10 50% of the total amount which is or would be in the fund created
11 by this act, after the amount specified in section 5(b) is paid
12 into the fund, divided by the sum of the net annual generations
13 of all electricity generating stations in this Commonwealth.

14 "Nameplate rating." The net continuous capability of an
15 electricity generating station, measured in megawatts as
16 determined by the rating affixed to the station's primary
17 equipment.

18 "Net annual generation." The gross output of an electricity
19 generating station for the full calendar year first preceding
20 the October in which the distribution required in section 6 is
21 made, measured in megawatt-hours, less the electricity used at
22 such station, but in any event not less than zero.

23 Section 5. Community Compensation Fund.

24 (a) Fund created.--There is hereby created the Community
25 Compensation Fund, into which shall be paid the funds specified
26 in subsection (b), and which shall be administered by the
27 department in accordance with and for the purposes of this act.

28 (b) Payments into fund.--Annually, there shall be paid into
29 the fund, on or before August 15, the following amounts from the
30 tax levied and billed pursuant to Article XI-A of the act of

1 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
2 1971, for each of the following fiscal years:

3 (1) For the 1988-1989 fiscal year, 1.0 mills.

4 (2) For each subsequent fiscal year, 2.0 mills.

5 (c) Reduced payments.--If the remainder of the tax collected
6 under the article referred to in subsection (b) would be less
7 than the amount required to distribute the total realty tax
8 equivalent as determined pursuant to the article referred to in
9 subsection (b), then the moneys paid into the fund shall be
10 reduced by such amounts as may be necessary to eliminate the
11 deficiency between such remainder and such equivalent.

12 Section 6. Annual distributions to affected local taxing
13 authorities.

14 (a) General rule.--Affected local taxing authorities shall
15 be entitled, on or before October 1, 1988, and each succeeding
16 October 1, to an annual payment based on the nameplate rating
17 and net annual generation for the preceding calendar year of any
18 electricity generating station which affects them.

19 (b) Calculation of gross amount.--The gross annual payment
20 attributable to each electricity generating station which
21 affects local taxing authorities as defined in section 4 shall
22 be the sum of:

23 (1) The megawatt component multiplied by the nameplate
24 rating of the electricity generating station.

25 (2) The megawatt-hour component multiplied by the net
26 annual generation of the electricity generating station for
27 the last preceding calendar year.

28 (c) Annual payments.--Each affected local taxing authority
29 shall be entitled to the following payments annually from the
30 fund created by this act:

1 (1) Counties: Twenty percent of the total amount
2 attributable to the electricity generating station which
3 affects them. Where more than one county is affected, as
4 defined by this act, the county share herein established
5 shall be divided among them according to the ratio of each
6 county's land area within the ten-mile affected area, as
7 defined in section 4, to the total land area within such ten-
8 mile affected area.

9 (2) School districts: Sixty-five percent of the total
10 amount attributable to the electricity generating station
11 which affects them. Where more than one school district is
12 affected, as defined by this act, the school district share
13 herein established shall be divided among them according to
14 the ratio of each school district's land area within the ten-
15 mile affected area, as defined in section 4, to the total
16 land area within such ten-mile affected area.

17 (3) Cities, boroughs, townships and incorporated towns:
18 Fifteen percent of the total amount attributable to the plant
19 to be shared equally by all affected cities, boroughs,
20 townships and incorporated towns.

21 (d) Reports.--Annually, on or before April 1, every owner of
22 an electricity generating station shall report to the department
23 the following information for each electricity generating
24 station which it owns in whole or in part:

25 (1) The location by local taxing authority.

26 (2) The nameplate capacity rating of such station.

27 (3) The net annual generation of electricity generated
28 for the preceding calendar year.

29 (4) Such additional information as may be required by
30 the department to administer its duties in accordance with

1 and for the purposes of this act.

2 (e) Duties of the department.--

3 (1) The department shall determine which taxing
4 authorities are affected as intended by this act. The annual
5 payment authorized by this section shall be calculated by the
6 department on the basis of information furnished pursuant to
7 subsection (d), and payment shall be made to each affected
8 local taxing authority on or before October 1 for each fiscal
9 year. No payment shall be made on account of any plant for
10 which the gross payment calculated under subsection (b) is
11 less than \$5,000.

12 (2) In addition, the department shall have the power to
13 adopt rules and regulations for the enforcement and
14 administration of this act, and it shall adopt regulations
15 pursuant to which it shall determine the taxing authorities
16 affected by each electricity generating station in this
17 Commonwealth and, for new electricity generating stations,
18 the point at which the payments specified in this section
19 shall commence.

20 Section 7. Appropriations.

21 There is hereby appropriated for the purposes of this act
22 such amounts as from time to time are available in the fund
23 established by section 5.

24 Section 8. Effective date.

25 This act shall take effect in 30 days.