

is it attempts to provide a fairly inexpensive and rational system for establishing, for implementing the constitutional amendment. The first thing it does is it defines those energy conservation sources that can trigger, in effect, this exemption from real property taxation and you will find the devices described at Section 2 of the bill. Now there have been some amendments to it so not every device that is described in Section 2 of the bill is a covered device. This particular phraseology, this terminology comes from existing statutes that we have in our state concerning a sales tax exemption from tax and what that means very simply is that when a person buys a passive solar system, that person will be exempted from the sales tax on that passive solar system. Secondly, the bill then provides, with the amendments on, that whatever the increase in valuation is in the real estate by virtue of this particularly energy conservation improvement, that increase in valuation shall be exempted from the real property tax for a period not to exceed five years and that is it. The exemption lasts for a five year period and no more and at the end of that time then the exemption falls off and the property will be subjected to full and complete and absolute property taxation. The bill then goes on to provide, incidentally the price tag on this, the initial price tag that came down from the fiscal analyst's office was several hundred thousands of dollars. The committee worked the bill over to narrow the price tag down. If you will look in your bill book you will discover that our fiscal analyst says the most probable price tag is about \$70,000. We would expect to lose about \$70,000 in property tax revenue for each of the five years that this exemption is in effect and that is approximately it. It is a very small price tag that the bill now has. Then it goes on to provide that the exemption itself, that for one to be able to get the exemption, the facility itself has to be approved by the State Energy Office. That means that after you put the facility up, you then have to send your plans, your specs or your costs to the State Energy Office and they in turn will determine whether it comes within the concept of this bill. If they do, they will send you a certificate to that effect. You then take the certificate to the county assessor. The county assessor shall allow you the exemption. Now in terms of figuring out the amount of exemption, obviously the amount of exemption will not necessarily be the cost of the improvement. For example, if I put a solar collector I guess, in my own house, it might cost me \$10,000 to do that but that collector won't necessarily increase the value of my house by \$10,000. In fact, it may only increase the ultimate value for valuation purposes by \$2,000 and it is only that increase in valuation, that \$2,000, which will be exempted from the property tax for a period of five years. Then that is it.