

CALIFORNIA ENERGY COMMISSION

REPORT OF CONVERSATION

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California Energy Commission

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**Siting, Transmission, and
Environmental Protection Division**

FILE: 11-AFC-2

PROJECT TITLE: Hidden Hills SEGS

<input checked="" type="checkbox"/> Email		<input type="checkbox"/> Meeting Location:	
NAME:	Richard McCann, staff consultant	DATE:	08/03/12
		TIME:	14:35
WITH:	Mr. Robert Cendejas, consultant to San Bernardino County on sales and use tax collection power		
SUBJECT:	Sales and Use Taxes		

Monasmith, Mike@Energy

From: Richard McCann [RMcCann@aspeneg.com]
Sent: Friday, August 03, 2012 1:00 PM
To: Kerr, Steven@Energy; Stennick, Amanda@Energy; Monasmith, Mike@Energy
Subject: Record of conversation with Robert Cendejas, atty for San Bernardino

I spoke with Mr. Robert Cendejas, consultant to San Bernardino County on sales and use tax collection for power plants. (Mr. Claude Gruen of Gruen+Gruen clarified that he had relied on a conversation with Mr. Cendejas for preparing portions of Inyo County's comments.) We discussed the general method of determining the amount of the taxable transaction. We also discussed the issues of differences in allocating sales & use taxes by jurisdiction.

Mr. Cendejas said that all tangible personal property is subject to taxation, which for power plants is all equipment plus any on-site fabrication labor. Land value and installation labor costs are exempt. For Ivanpah, this implies that the entire plant investment net of land value and installation labor is subject to sales and use tax. He said that the cost basis of about \$2 billion for Ivanpah sounded reasonable.

Mr. Cendejas discussed the difference in sales vs. use tax and the importance of the County setting up and monitoring agreements with the construction firms to ensure that the County receives the maximum available tax revenues.

Richard McCann
Aspen Environmental Group
Sacramento: (916) 379-0350 x26
Davis: (530) 757-6363
Cell: (530) 574-1004

CC:

Kerry Willis, Staff Counsel

Prepared by: Mike Monasmith, Project Manager