HB
43

TELEGRAM

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HONORABLE MIKE MILLER, CHAIRMAN, LOCAL GOVERNMENT COMMITTEE

JUN 2606

I WOULD APPRECIATE VERY MUCH THE SETTING UP OF HEARINGS REGARDING HB43. THIS BILL IS OF GREAT INTEREST TO US.

THANK YOU.

BIX BONNEY, PRESIDENT, B AND B FISHERIES

HB43.

File

Producers of D[redacted]SOLVING PULP

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EDWARD W. BORGEN, Sr.
Legislative Representative

April 12, 1972

The Honorable Mike Miller
Chairman
Local Government Committee
Alaska State House of Representatives
Pouch V - State Capitol
Juneau, Alaska 99801

re: HB 43

Dear Representative Miller:

With increased activity in environmental control, both at the State and Federal levels, most of the extractive industries in Alaska are faced with the task of purchasing and installing expensive equipment in order to comply with anti-pollution regulations.

House Bill 43, "An Act relating to tax exemptions for the prevention of air and water pollution," may offer a means of so[redacted] financial relief in those cases where a council or assembly may choose to allow such exemption, and we trust that you, and your committee, will find merit in our suggestion.

We have discussed HB 43 with people acquainted with both the forestry and fisheries industries in Petersburg, Wrangell, Sitka and Kodiak, and the opinions expressed lead us to believe that others share our views on the matter. It would be sincerely appreciated if you could find time to schedule hearings on HB 43 so these views may be aired.

Respectfully yours,

KETCHIKAN PULP COMPANY

Edward W. Borgen

Edward W. Borgen, Sr.
Legislative Representative

EWB/kd

cc: Local Government Committee Members
Honorable Mike Colletta (Bill Sponsor)

FW

March 9, 1971

Rep. Mike Colletta
House of Representatives
Senate Office Building
Juneau, Alaska.

cony to Mike C.

Dear Representative Colletta,

I am very much in favor of your bill, H.B. No. 43, which relates to tax exemptions for the prevention of air and water pollution. I would also favor the passage of your bill over the one proposed by Senator Josephson because your bill would challenge investigation and solution seeking on the part of possible large or small pollution offenders. It would help others to devise ways to solve their pollution problems. Senator Josephson's bill on the other hand is ready to wield a big stick over environmental offenders before we have even given everyone the option of at least making a choice to pollute or not to pollute.

If after offering tax exemptions, we find the environment is still being polluted, then perhaps Sen. Josephson's bill - would

be appropriate!

Thank you

Mrs E. B. Crittenden (Kel)

1575 7 St

Anchorage

Alaska.

Tax Incentives Don't Stop Pollution

by Arnold W. Reitze and Glenn Reitze

Federal and state tax incentives designed to help in the fight against pollution are fiscal carrots that don't work. They are expensive, and they are soft on pollution. Tax incentives fail because they do not give industry an incentive to invest in nonproductive facilities, they apply only to physical devices, they provide the public no gain to offset the revenue loss, they are of advantage only to wealthy firms, and they shift the burden of reducing pollution to the general public.

THE STICK is more effective than the carrot: No man will spend $10 to bring himself a benefit simply because the government promises to return $5. Tax incentives are fiscal carrots. They are extremely expensive, but soft on pollution.

Until now the state and federal pollution control programs have been a disappointment to those who seek some improvement in our air and water.[1] Nevertheless, several thousand bills pertaining to pollution control have been introduced in Congress and state legislatures during the past several years.[2] Many of them offer little to control pollution; rather they extend tax incentives as rewards to polluters.[3]

In theory, these rewards eliminate pollution. In practice, they are ineffective and in many cases even discourage pollution control by promoting expenditures for the wrong things at a substantial cost to the public. In addition, government agencies that should be enforcing current pollution control regulations must devote their energies to processing increasing quantities of tax incentive applications.[4]

The federal law containing the major specific tax incentive for pollution control was passed in 1969, when the Tax Reform Act added Section 169 to the Internal Revenue Code. That section permits rapid (sixty-month) depreciation allowances for pollution-control hardware.

The bill's predecessor, no longer in effect for new investments, was Section 38 of the Internal Revenue Code, added in 1962. This section permitted a deduction directly from a firm's taxes of 7 per cent of the expenditure for pollution-control equipment, subject to certain varying restrictions.[5]

According to one authority, by March, 1970, at least thirty-one states had placed antipollution incentive provisions in one or more of their principal revenue-producing laws.[6]

All these incentive provisions, state and federal, provide rapid depreciation or forgiveness from property, income, sales and use, or franchise taxes. Their one key effect is to shift the cost of compliance with government pollution limitations from individual polluters to the taxpayer.

In addition, there apparently is widespread misuse (permitted by lax or overworked government officials) of tax incentive laws to purchase equipment that does not serve to improve the environment. A substantial part of the

1. The federal air pollution program has been criticized in Reitze, *The Role of the Region in Air Pollution Control*, 20 CASE W. RES. L. REV. 809 (1969), and the federal water pollution program in *Wastes, Water, and Wishful Thinking: The Battle of Lake Erie*, 20 CASE W. RES. L. REV. 5 (1968). See also, Reitze, *Environmental Pollution Control, Why Has It Failed?* 55 A.B.A.J. 923 (1969).

2. Thirty-nine bills directly related to the environment were introduced in the House during the period January 23-30, 1969. Fifteen months later, during "Earth Week", forty-two bills were introduced between April 23 and 30, 1970.

3. Bills have been proposed and many have become law to give relief from sales and use taxes, property taxes (real and tangible personal), fuel taxes, franchise taxes and income taxes. Benefits include fast write-offs, tax credits, and exemption from taxation.

4. In Ohio, a typical industrial state, the number and monetary value of pollution control exemptions granted have been increasing substantially each year. In the three years between January, 1966, and the end of 1969, Ohio received 148 exemption applications for purchases listed at $64.7 million. In the first half of 1970, there were thirty-eight applications for purchases totalling $31.98 million.

5. This section was temporarily suspended from October 10, 1966, to March 9, 1967. Certain water and air pollution facilities were exempted. INT. REV. CODE OF 1954, § 48(h) (12).

6. McNulty, *State Tax Incentives To Fight Pollution*, 56 A.B.A.J. 747, 748 (1970).

pollution control equipment being sold today and receiving tax credit reportedly is used to clean water coming into a plant for use in manufacturing rather than for controlling waste discharges.[7]

Tax incentives of this sort—which reward rather than punish those receiving the incentive (the latter may be referred to as negative tax incentives or tax penalties)—obviously cut government revenue. The key to determining the value of positive tax incentives, therefore, lies in evaluating the benefits to be gained by the government (public) in return for revenue lost.

Benefits that would be gained regardless of the tax incentive clearly must be excluded from the list of benefits gained in exchange for the loss. Thus, pollution expenditures made to comply with federal, state and local health or pollution laws cannot be considered public benefits gained by granting tax incentives, although businesses received that aid. This clarification will permit many a tax incentive to be seen for what it is—a subsidy rather than an exchange of tax forgiveness for desired behavior.[8]

The potential cost of even the present federal tax incentive programs for pollution control, if maintained, is immense, but it is virtually impossible to estimate with precision. Government officials predict expenditures by industry in the next five years of $3.3 billion for water pollution control, another $2 billion for thermal pollution prevention and $2.6 billion for control of four major air pollutants in one hundred metropolitan areas.[9] Additional solid waste disposal expenditures can bring the total to $10 billion.

These estimates are comparatively conservative. Yet, even without additional federal tax incentive legislation of this sort, the Federal Government's revenue loss with those expenditures could be a billion dollars per year.[10] The loss to state governments, with their many similar laws, is not included. For example, the loss of revenue to Ohio from air pollution exemptions alone in 1970 is estimated to be $6.3 million, according to the Research and Statistics Section of the Ohio Department of Taxation.

Other estimates of industry expenditures for pollution control equipment during the next five years center around $32 billion.[11] Bank of America Senior Vice President Alan K. Brown recently put the figure at $80 billion to $95 billion.[12]

The public sector loss, even under the low ($1 billion annual) federal tax loss estimate, is about eleven times what the Department of Health, Education and Welfare spends on all its air pollution control programs ($94.2 million).[13]

Even if we accept the projected federal revenue loss of $115 million in 1974, as estimated by the Senate Finance Committee in its report to accompany the Tax Reform Act of 1969, we still have a considerable loss when compared with federal antipollution expenditures.[14] But this estimate is based on a level of expenditure that would never control pollution.

Despite their cost, tax incentives fail to control pollution. The most basic reasons are five:

1. **Unprofitability.** They fail to give an incentive to invest in nonproductive facilities regardless of the lessened cost of those facilities.

2. **Badly Aimed.** As used today, they give credit for physical devices that often are only a small part of pollution control (switching fuel can often be far more significant) and give credit for facilities regardless of their effectiveness in controlling pollution.

3. **No Public Gain.** They pay for pollution control facilities required by other laws, bringing no gain to the public in exchange for the tax loss and lessening funds for governmental pollution control, among other things.

4. **Reverse Robin Hood.** They increase general taxes through tax burden distribution and provide substantial tax write-offs to wealthy corporations having the least need of public assistance to eliminate their pollution. Yet they fail to aid small and medium-sized companies unable to purchase required pollution control equipment.

5. **Pricing Quackery.** Because pollutions costs are shifted to the general public, sales prices do not reflect a product's true cost to society. The sales price does not reflect the propensity for environmental harm during a product's manufacture, use or disposal. The true costs to society are masked.

The categories, of course, overlap considerably.

The existence of the philosophy of pollution control through rewards to polluters, moreover, gives rise to a convenient analogy, which may or may not be a key factor, for making additional rewards. An example is the charge in John Esposito's study on air pollution that, when Los Angeles sought more low-sulphur fuel oil, the political price was a change in federal oil import regulations to allow refiners who produce low-sulphur residual fuel oil to import an additional barrel of foreign crude oil for each barrel of low-sulphur residual oil produced. To the oil firms, this reportedly is worth about 90¢ a barrel, and the companies involved thereby gain between $20,000 and $50,000 a day in return for producing the low-sulphur residual fuel for the West Coast states. Slightly less than half this sum, the report added,

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7. BUSINESS WEEK, October 4, 1969, at 118.

8. For a criticism of tax exemptions in general, see Reitze, *Real Property Tax Exemptions in Ohio—Fiscal Absurdity*, 18 W. RES. L. REV. 64 (1966).

9. ENVIRONMENTAL QUALITY, FIRST ANNUAL REPORT OF THE COUNCIL ON ENVIRONMENTAL QUALITY 43, 72 (1970).

10. By contrast, the estimated federal funding for pollution control and abatement was $1,290,900,000 in fiscal year 1970 obligations. *Id.* at 320.

11. The Wall Street Journal, August 10, 1970, page 1.

12. B.N.A. Env. RPTR., August 28, 1970, at 467.

13. *Supra* note 9, at 320.

14. S. REP. No. 91-552, to accompany H.R. 13270, 91st Cong., 1st Sess. 646 (1969). Naturally those in favor of tax incentive legislation give lower estimates of tax losses. Section 169 has been estimated to have a maximum annual cost of only $120 million, an amount which could be reached by expenditures of one tenth of the amount needed for pollution control. See remarks of Senator Russell B. Long, 115 CONG. REC. S16206 (December 9, 1970).

goes to Union Oil of California and to Atlantic Richfield for doing precisely what they had been doing all along.[15]

Unprofitability of Pollution Control Affects Incentives

It is the inherent unprofitability of most pollution control that makes tax incentives meaningless as a method of stimulating investments in it. Labor relations, government regulatory actions, marketing considerations, antitrust problems and a host of other variables play their parts in investment decisions. But these variables should not obscure the fact that tax incentives give no incentive to invest in nonproductive facilities or operations.

For an investment with a productive potential, a tax incentive could reduce the cost so that the potential profit is realized. But very few pollution control investments have any profit potential, and therefore that possibility is remote.

The few profitable pollution control investments have received much publicity. Yet even this category of pollution-control investment often fails to be made. Company managers by and large seek the highest return on investment, and profitable pollution control investments are rarely the most profitable investment a firm can make.

While few pollution abatement controls will produce any profitable commodity, most tax incentive plans are drafted so that profitable abatement techniques will not qualify. For example, Section 169 (e) states that the federal certifying authority shall not certify any property under Section 169 (d) (1) (B) to the extent it appears that by reason of profits derived through recovery of wastes or otherwise in the operation of the property, its costs will be recovered over its actual useful life. In most states the statutory guideline for a tax benefit requires that the facility meet the test that its primary purpose be for pollution control or that it is used exclusively for pollution control purposes.

These tests have virtually nothing to do with developing a good pollution abatement program, for a good program is normally so closely related to the production process that very few expenditures will meet either the primary purpose or the exclusive use test.

Arnold W. Reitze (left) is professor of law and Director of the Environmental Law Program at the George Washington University National Law Center. He is a graduate of Fairleigh Dickinson University (B.A. 1960) and Rutgers University (J.D. 1962). His coauthor and brother, Glenn Reitze (right), is the managing editor of *The Environmental Law Reporter.* He obtained his B.A. degree at the University of Wisconsin in 1965.

It has been pointed out, moreover, that some of the largest companies—especially those in automobiles and oil—behave at times like independent political states rather than simple profit makers. Hence, there is all the more reason to attempt control through regulating behavior rather than by appeals to a profit-making sense through tax burden redistribution.[16]

Devices to protect the health and safety of workers also are usually unprofitable, but government, union and insurance company regulations force their purchase and use, to the general benefit. Devices for the health and safety of the public may be considered in the same category and be imposed by regulation.

The furor over mine safety demonstrates again that some businessmen will not protect their workers' safety and health voluntarily and adequately. Yet few governmental rewards are given for corporate health and safety expenditures. We recognize that inherently unprofitable investments will not be made merely because the government absorbs part of the cost.

If the desire is to encourage industry to use a specific abatement technique or produce some other beneficial response in pollution control, we should utilize a more forthright approach—direct subsidies. We could, at least, more easily review whether the social benefit achieved is worth the public cost.

Businessmen in general respond to this approach less enthusiastically, for the grants must appear in budgets and the cost to the public is made obvious. And happily for some businessmen, tax incentives tend to continue long after the reason for the program has disappeared.[17]

Tax Incentives Off Target; Their Value Is Nil

The imprecision of tax incentives makes their use for any purpose of

15. Esposito, Vanishing Air 248 (1970).

16. For a study of the oil industry as a political state, see Tugendhat, Oil: The Biggest Business (1969). Professor Kenneth Galbraith in *The New Industrial State* points to evidence that for the mature corporation, the profit motive is subordinate to the desire for reasonable growth and stability. Hence, it may be difficult to get even profit-making pollution abatement equipment installed.

17. Sometimes budgets become sacrosanct without a reason relating to public benefit. The federal gasoline tax enacted in 1932 was allocated to the highway trust fund in 1956 for highway construction. Now, with public mass transportation woefully underfinanced and highways proliferating everywhere, the highway lobby has convinced most legislators and much of the public that the gasoline tax is a sacred fund.

doubtful value; in the environmental area, their value appears to be nil. While they do not bring about pollution abatement, they do act to limit and hinder proper control programs for they encourage improper technical responses to pollution problems.

Pollution problems are usually an integral part of the production process. Their control requires a plan carefully integrated into the entire operation of the business. Nearly all industrial pollution can be controlled, and effective control is best managed if the production process is designed to minimize waste.

Some methods of control are to substitute fuels or power sources; substitute raw materials; use different production processes; change the design of the product; capture pollutants before they leave the plant; change disposal practices so as to encourage reclamation of waste products; and recycle either waste products or resources used in the productive process.[18]

The most drastic remedy for pollution would be to end production—a remedy that if applied to all pollution sources would have disastrous social and economic repercussions. However, a few products, when balanced against their capacity for environmental destruction, are so marginally useful to society that if they were priced to reflect these necessary pollution abatement costs, they would be priced out of the market. The use of products causing the release of heavy metals such as mercury might be limited by this approach.

Tax Incentives Have a Faulty Focus

The tax incentive program is harmful in its focus on capital costs of pollution control rather than the total cost, which includes, in many cases, substantial operating costs.

For example, an electric utility could substitute a cleaner-burning fuel at considerable expense and get no tax benefit except perhaps some small consideration for the costs of converting furnaces to burn a different fuel. However, a company that purchases a precipitator that has marginal total pollution control effectiveness can receive substantial tax benefits. To obtain a tax benefit, there is no legal requirement that an investment reduce pollution; the only requirement is that an investment be made.

Some common control equipment, such as electrostatic precipitators, are extraordinarily expensive. They can cost a million dollars, yet their operating costs are so high that many businesses would resist using them or turn them off in order to save on operating costs even if the Government paid the entire purchase price. This results in a situation in which companies that have spent the money for equipment required by law bypass the equipment at night, on holidays or between inspections in order to save on operating costs. In addition, a failure to make rapid repairs after a breakdown may result in an investment being inoperative much of the time.

The operating costs are such an important component of pollution control that any system of tax incentives must consider the total cost of abatement. By 1975, it is estimated, air pollution costs for operation, maintenance, depreciation and interest will run $1.9 billion.[19] These operating costs have always been tax deductible, yet this does not seem to have aided pollution control efforts.

A tax program that favors "hardware" expenditures encourages poor abatement responses from industry. By holding most of their expenditures not to be qualified for tax benefits, the program unfairly treats those industries that make a serious attempt at pollution control. In addition, there is the problem previously mentioned of possible widespread misuse of equipment purchased under tax exemptions to aid manufacturing, not to abate pollution.

The intimate relation of pollution control to the entire production process means that true pollution control cannot be separated from the total business operation. Here again the analogy to safety programs applies. Employee training, work layout, lighting, etc., is as important to safety as adding protective equipment to a machine.

Robin Hood Reversed; Rob the Poor To Help the Rich

The real financial problem in private sector pollution control is the inability of small or inefficient operations to obtain capital to pay for control. Tax incentives do not solve this problem; they benefit only those with capital to invest and income to be sheltered. The companies that can afford pollution controls will benefit.

For example, a $1 million expenditure for an electrostatic precipitator, even if subject to depreciation in sixty months, benefits fully only those businesses with $200,000 of spare income to shelter from taxes. Marginal enterprises get little benefit.

Thus, tax benefits aid the owners of large, successful businesses disproportionately, and their result will be to promote the elimination of small businesses as the cost of required pollution controls rise. A further obvious effect is the promotion of yet more control of our system by those who control the largest industries.

It is questionable whether large polluters need public financial assistance to meet their legal obligations to refrain from imposing pollution on others. But it is clear that the large polluters alone do account for a very large share of total pollution.

The Council on Environmental Quality reported this year:

> The more than 300,000 water-using factories in the United States discharge three to four times as much oxygen-demanding wastes as the sewered population of the United States. Moreover, many of the wastes discharged by industry are toxic.
>
> The output of industrial waste is growing several times faster than the volume of sanitary sewage. Although there is as yet no detailed inventory of industrial wastes, indications are that over half the volume discharged to water comes from four major industry

18. See NATIONAL RESEARCH COUNCIL, COMMITTEE, NATIONAL ACADEMY OF SCIENCES, WASTE MANAGEMENT AND CONTROL, No. 1400 (1966). Techniques and costs of air pollution equipment are discussed in 3 STERN, AIR POLLUTION (2d ed. 1969). Water pollution costs can be found in THE COST OF CLEAN WATER, a Federal Water Quality Administration publication which comes in multiple volumes, each devoted to a different industry.

19. *Supra* note 9, at 72.

groups—paper, organic chemicals, petroleum, and steel.[20]

In spite of the flood of publicity, little is spent by industry for pollution control when considered as a function of gross sales or profit.

Esposito, in *Vanishing Air*, explains:

> A February 1970 report by the National Industrial Conference Board indicates that the industry's 1969 capital appropriations for air and water pollution control dropped 56.9 percent below the 1968 appropriation. This reduction from 38 million in 1969, represents a drop in pollution control investments from less than four-tenths of 1 percent of 1968 gross revenues to something less than two-tenths of 1 percent for 1969.[21]

Republic Steel Corporation, the second largest industrial polluter of Lake Erie, according to the Federal Water Quality Administration,[22] in 1969 invested $28 million in pollution control from sales income of more than $1.5 billion created by property, plant and equipment valued at more than $2.25 billion.[23]

General Motors Corporation omitted its research budget for pollution control from its 1969 annual report, but the Esposito book on air pollution relates that G.M.'s official figure is $40 million annually since 1967, or about .17 of 1 per cent of gross sales. This figure is one sixth of G.M.'s annual advertising budget. It is just $13 million more than the $27 million G.M. is spending each year in a ten-year program to change signs at company dealerships.[24]

The justice of rewarding these large firms through tax incentives is at least questionable; nevertheless, it is of only peripheral interest. Rather than argue which tax benefit is "just" or proper, which is an approach that encourages the outpourings of public relations releases from corporations and trade associations, we should focus on the question of whether tax incentives create behavior that results in a reduction in pollution at a cost to the public that has a favorable cost to benefit ratio, judging, as William James taught, not by "first things, principles" but by the "last things, fruits, consequences, facts".[25]

Pricing Quackery Shifts Financial Burden to the Public

A basic reason for continued pollution is that the polluter shifts to the public, in terms of environmental destruction, the basic production costs that he avoids by not preventing pollution. Tax incentives augment that shift by placing the pollution control burden of business on the general public through tax burden redistribution.

To allow the general public (rather than the individual purchaser of a high pollution propensity product) to absorb pollution control costs is to thwart the function of the marketplace as a place of value exchange. To the extent a polluter can shift costs of control equipment to the general public, his products continue to avoid having their price reflect their pollution effect. Environmentally destructive products are enabled to compete with less harmful products without the market price reflecting their social costs. Because no incentive is provided in the marketplace to minimize pollution at the lowest cost per unit sold, the natural market competitiveness is not utilized to reward the producer who shifts the fewest negative social costs to the public.

Tax incentives such as those discussed also have the capacity to destroy state and local abatement programs. Most states require that the state pollution control board or its tax commission or revenue department, acting on the recommendation of the pollution control board, approve or certify the pollution control facility so as to qualify for the tax benefit,[26] as does the Federal Government.[27]

State agencies have been burdened with the obligation to process not only thousands of applications for exemptions to a variety of state taxes, but also by law they must provide businessmen with certification to meet exemption allowance requirements of Section 169 of the Internal Revenue Code. This results in either a reduction of the agency's other enforcement, monitoring and planning efforts or in cursory examinations of the exemption applications. Abuses of the exemption allowances, therefore, are no surprise. And the failure of state inspection programs allows federal as well as state benefits to flow to the businessman because of the Section 169 requirements.

Only a few cities in the United States have meaningful air pollution programs with adequate staff. Most state programs are smaller than that of their larger cities.[28] Fifty per cent of the state agencies have fewer than ten positions budgeted.[29] With an estimated 8,000 additional personnel needed to implement the Clean Air Act properly, one wonders whether industry is unaware that enforcement can be effectively prevented by imposing onerous time-consuming responsibilities for processing tax exemptions on the pollution planning and enforcement agencies. While the cost of tax incentive legislation can be calculated in terms of revenue losses to the public treasury, it is much more difficult to evaluate the financial and social costs of having state pollution control agencies bogged down in the relentless pushing of paper to get industry their tax benefits.

The point about all of these laws, and the many similar bills proposed, is that they reward a limited number of taxpayers for "pollution control" expenditures. Not, we must note, pollution control effectiveness or the simple elimination of pollution.

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20. *Supra* note 9, at 32.
21. *Supra* note 5, at 84.
22. LAKE ERIE REPORT, August, 1968, at 7.
23. 1969 Annual Report, at 3, 10, 12 and 28.
24. *Supra* note 17, at 29.
25. *What Pragmation Means*, in ESSAYS IN PRAGMATISM 148 (1948).
26. The tax practitioner must not only be familiar with tax law but also must search pollution law for applicable tax authority. For an illustration see, OHIO REV. CODE §§ 6111.31 and 6111.03(M).
27. INT. REV. CODE OF 1954, § 169 (D).
28. O'Fallon, *Deficiencies in the Air Quality Act of 1967*, 33 LAW & CONTEMP. PROB. 275, 293, (1963).
29. *Supra* note 9, at 85.

Introduced: 1/13/71
Referred: Local Government
and Finance

IN THE HOUSE BY COLLETTA

HOUSE BILL NO. 43

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to tax exemptions for the prevention of air and water pollution."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 29.10 is amended by adding a new section to read:

Sec. 29.10.344. EXEMPTION OF PROPERTY USED IN THE PREVENTION OF AIR OR WATER POLLUTION. In levying, assessing and collecting taxes for school and municipal purposes, the council or assembly may by ordinance classify and exempt from taxation for a period of seven years that property of a business used in the prevention of air or water pollution which is installed after the effective date of this section.

Hold for work session