



Who should share in the dividends of power resources?

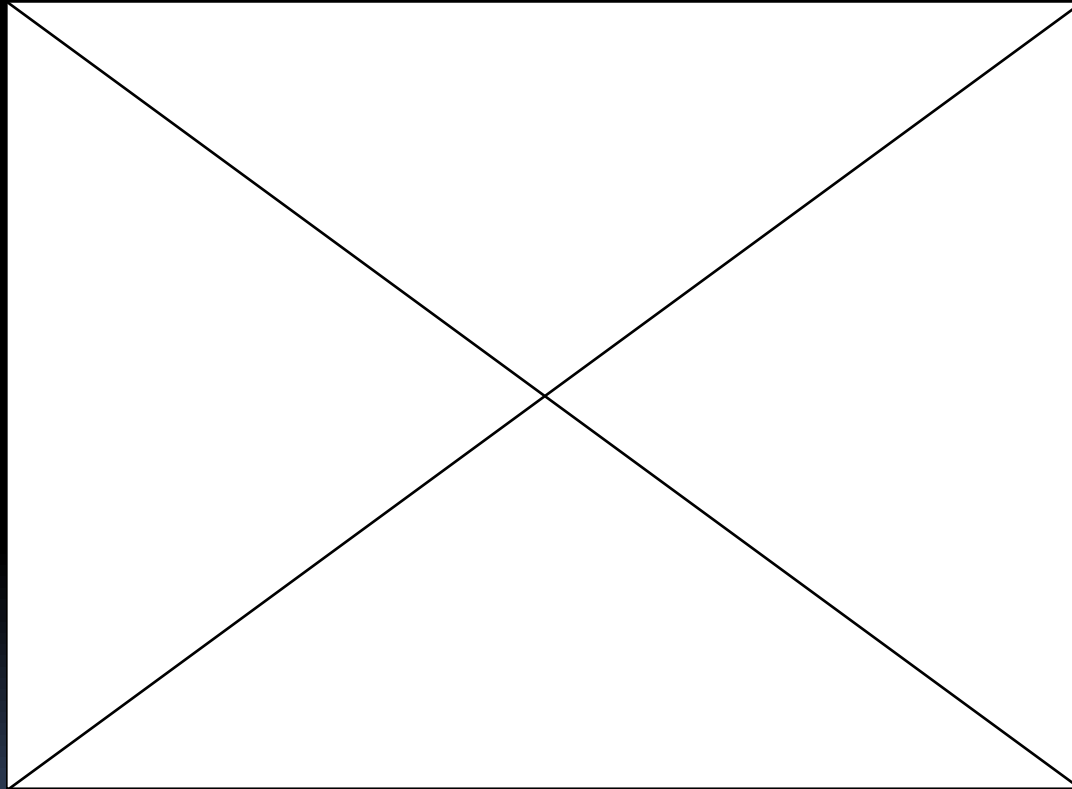
TO SPLIT A CAKE



The speaker

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 - Cand. jur. University of Iceland 2006
 - District court attorney 2007
 - President of Fljótshádalshérað municipality council 2010
 - Board of SO since 2011 chairman since 2012
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New years comedy program 1990...



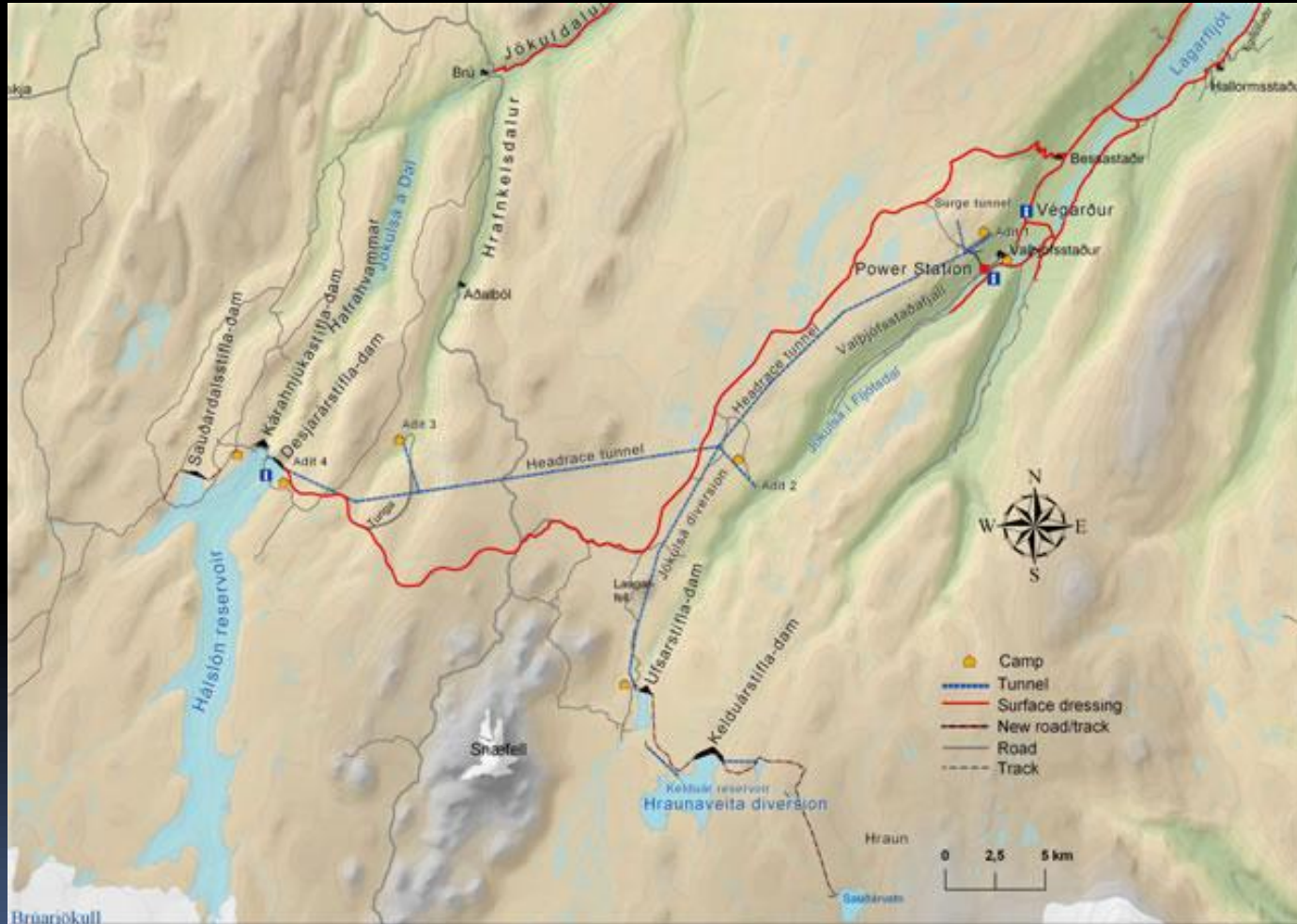
Kárahnjúkar power plant

- Kárahnjúkavirkjun / Fljótsdalsstöð
- Owner: Landsvirkjun (state power company)
- Power: 690 MW
- Production capacity: 4.800 GWh pr. annum
- Concrete-face rock-filled embankment dams
- Tallest is 198m (Kárahnjúkar dam)
- Three reservoirs (Háslón is the largest)
- Capacity 2.1 km³ Length 25 km

Kárahnjúkar dam



Project overview



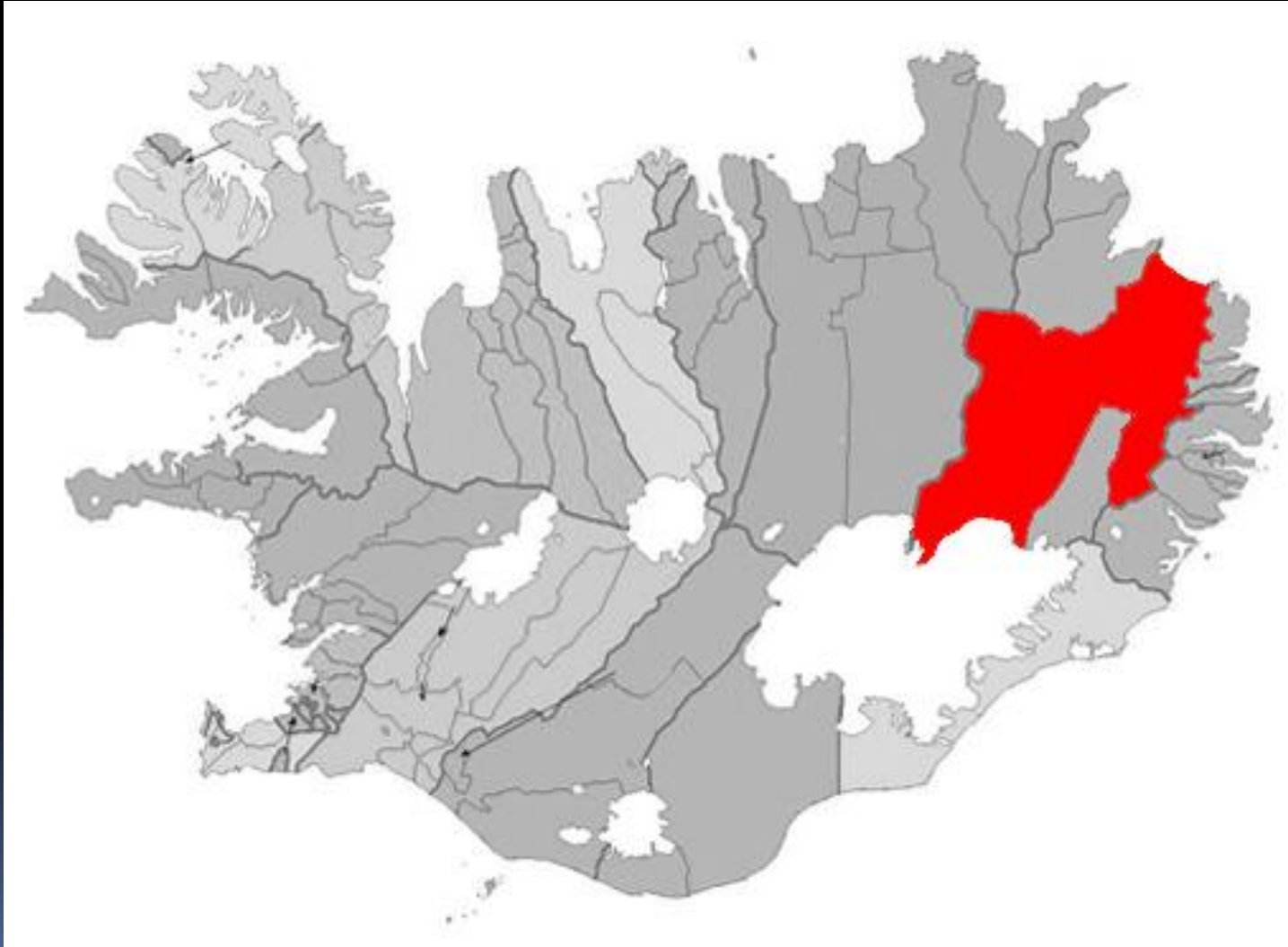
The bitter ones

- Fljótsdalshérað municipality
- Population 3408 Area 8884 km²
- Established 2004 9 municip. pre-1996

- Fljótsdalshreppur municipality
- Population 78 Area 1516 km²

- Good cooperation and coexistence

Municipalities




Local tax

- Power station: Real estate tax
- Dams: Nothing
- Lines: Nothing
- Reservoir: Nothing
- Water rights: Nothing (yet)
- Production: Nothing

The situation between municipalities is unbalanced and unfair!



Great problems

- Power companies vs. Small municipalities
 - Local representatives: Capable and diligent
 - Alms for the poor
 - Allegations of corruption
 - Potential for corruption
 - Municipalities need to be empowered
 - We don't need to cut up the small slice. We need more slices!
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Who should get a piece of cake?

- Producer
 - Privately owned
 - State or municipality owned
- Owner of resource
 - Private parties
 - State
 - Municipality
- “We the people”
 - State
 - Municipalities

The public view

- The icelandic people have a sense of shared ownership of natural resources.
- Technically not true, but still important.
- Constitutional referendum 2012
 - “Would you like the constitution to state that natural resources, that are not privately owned, should be owned by the nation?”
 - Overwhelming majority said yes

Dividens to the community

- Different ways
 - Through resource rent/sale (owners)
 - Through cheap energy (heating, electricity)
 - Through economic benefits from industry
 - Through dividens from power producers (owners)
 - Through taxation
 - Local tax
 - National tax

When push comes to shove, isn't taxation what the government does best?

What is wrong today?

- Tax legislation hasn't kept up with a certain paradigm shift in the field
- Energy production is now a marketplace
- Less for the communities, unless they own these companies
- Certain changes were made, but only to legislation concerning national taxes
- No new vision in taxation of power production and distribution



What I would like to see

- Mutual committee by the ministry and municipalities on tax reform
- No exemptions from real estate tax (dams, reservoirs, lines, tunnels, water rights)
- Norwegian model of a cut of the energy production to municipalities.
- Norwegian model tax on production split between state and municipalities.

Now that's more like it!

Thank you 😊

