

# HOUSE BILL REPORT

## ESB 5888

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### As Passed House:

April 10, 1995

**Title:** An act relating to considerations for charges for sewerage and storm water control systems.

**Brief Description:** Revising considerations for charges for sewerage and storm water control systems.

**Sponsors:** Senator Sutherland.

### Brief History:

#### Committee Activity:

Energy & Utilities: 3/29/95 [DP].

#### Floor Activity:

Passed House: 4/10/95, 97-0.

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## HOUSE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** Do pass. Signed by 10 members: Representatives Casada, Chairman; Crouse, Vice Chairman; Hankins, Vice Chairman; Kessler, Ranking Minority Member; Kremen, Assistant Ranking Minority Member; Chandler; Huff; Mastin; Mitchell and Patterson.

**Staff:** Margaret Allen (786-7110).

**Background:** State law authorizes counties to provide various utility services, including water, sewerage, and storm water control. Similarly, state law authorizes cities and towns to provide sewerage and garbage disposal services, along with other utility services. These local governments also are authorized to set the rates and charges for the services.

In setting rates, the legislative bodies of local governments may classify customers based on various factors, such as differences in the cost to serve or maintain service to classes of customers, differences in quantity or quality of the service provided, and differences in capital contributions to the system. It is unclear, however, whether local governments may classify customers based on the customers' public benefit nonprofit corporate status.

A corporation that is incorporated under the Washington Nonprofit Corporation Act and tax exempt under section 501(c)(3) of the Internal Revenue Code may apply to the Secretary of State for designation as a "public benefit nonprofit corporation." Only corporations formed exclusively for charitable, religious, scientific, public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or to prevent cruelty to children or animals, are be tax exempt under Internal Revenue Code section 501(c)(3).

Some public benefit nonprofit corporations have large capacity requirements for a utility service such as sewerage or storm water control, while their actual usage of the service may be proportionately small.

**Summary of Bill:** In setting rates for water, sewerage and storm water control services, county legislative authorities may consider the public benefit nonprofit corporate status of the customer. In setting rates for sewerage or garbage disposal services, city and town legislative authorities may consider the public benefit nonprofit corporate status of the customer.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.