

SENATE BILL REPORT

SB 5456

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 22, 1999

Title: An act relating to revolving funds for electric utilities serving rural areas to enhance local rural economic development activities.

Brief Description: Creating an electric utility rural economic development revolving fund.

Sponsors: Senators Rasmussen, Morton, T. Sheldon, Honeyford, Oke, Hochstatter, Loveland, Snyder, Jacobsen, Goings, Deccio, Spanel, Patterson, Long, McDonald, West and Gardner.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/1/99, 2/22/99 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5456 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; T. Sheldon, Vice Chair; Gardner, Honeyford, Morton, Prentice, Snyder and Swecker.

Staff: David Schumacher (786-7474)

Background: Public- and privately-owned utilities are subject to the public utility tax instead of the business and occupation (B&O) tax. Like the B&O tax, the public utility tax is applied to the gross receipts of the business.

Summary of Substitute Bill: A 50 percent public utility tax credit is offered for light and power businesses that contribute to an electric utility rural economic development revolving fund. These funds may only be used for qualifying non-electrical infrastructure projects in rural areas. The tax credits expire in 2005.

To qualify for the credit, the business must establish a local board to determine the criteria and conditions for the expenditure of the funds.

Substitute Bill Compared to Original Bill: The substitute bill adds all rural counties to the eligibility for the credit.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Local rural areas are interested in funding ways to invest in infrastructure projects.

Testimony Against: None.

Testified: PRO: Aaron Jones, WA Rural Electrical Coop Assn.; Bill Lotto, WA Assn. Of EDCs; Victoria Lincoln, Assn. of WA Cities.