

HOUSE BILL REPORT

HB 1134

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to creating customer rebates and public utility tax credits for light and power businesses and gas companies.

Brief Description: Creating customer rebates and public utility tax credits for light and power businesses and gas companies.

Sponsors: Representatives McCoy, Chase, Armstrong, Hinkle, Condotta and Warnick.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/28/09, 2/4/09 [DPS].

Brief Summary of Substitute Bill

- Allows electric or gas utilities to offer a rebate to customers for up to 50 percent of the cost of installing a solar water heating system.
- Allows electric or gas utilities a credit against their public utility tax for up to 50 percent of the cost of the rebates.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Condotta, Finn, Hasegawa, Herrera, Hinkle, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

Staff: Kara Durbin (786-7133)

Background:

Public and privately-owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The tax rate depends on the utility classification. For light and power businesses, the applicable tax rate is 3.873 percent. For gas distribution businesses, the rate is 3.852 percent. Revenues are deposited into the State

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

General Fund.

The PUT does not allow deductions for the costs of doing business, such as payments for raw materials and wages of employees. Nonetheless, a number of exemptions, credits, deductions, and other preferences have been enacted for specific types of business activities.

Summary of Substitute Bill:

Starting July 1, 2009, an electric or gas utility may provide a rebate to its retail customers for the costs of installing solar water heating systems in their homes or businesses. The amount of the rebate cannot be greater than 50 percent for systems manufactured outside of Washington, and 70 percent for systems manufactured in Washington. Participating utilities must determine a tiered rebate amount based on the efficiency of the solar water heating system. At a minimum, a solar water heating system must have a solar rating and certification corporation (SRCC) certification as of July 1, 2009.

Rebates are limited to \$4,000 per calendar year for each customer, except for rebates on systems manufactured in Washington, which are limited to \$5,000 per calendar year.

A utility is allowed a credit against the PUT for up to 50 percent of the rebates paid in a calendar year. The credit is limited to \$50,000 or 0.25 percent of the utility's taxable power sales, whichever is greater. The total amount of credits may not exceed \$1 million in any calendar year, nor may it exceed the tax amount that would otherwise be due.

Substitute Bill Compared to Original Bill:

The substitute bill clarifies that the \$4,000 cap on rebates only applies to solar water heating systems manufactured outside of the state. The substitute bill also removes the emergency clause.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is designed to encourage utilities to move forward with solar water heating systems. Now is the time to advance solar, geothermal and other renewable resources besides wind energy to round out our resources. This bill is broadly supported by utilities. It encourages economic development in Washington with higher rebates for

systems manufactured in Washington. Energy use for water heating is usually the second highest use for customers.

(Opposed) None.

Persons Testifying: Representative McCoy, prime sponsor; Al Aldrich, Grant County Public Utilities District; Carrie Dolwick, NW Energy Coalition; and Jeremy Smithson, Puget Sound Solar, LLC.

Persons Signed In To Testify But Not Testifying: None.