

SENATE BILL REPORT

SB 5258

AS OF FEBRUARY 8, 1993

Brief Description: Restricting taxes, fees, and charges on water distribution and sewerage collection businesses.

SPONSORS: Senators Sutherland and McCaslin

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

No city or town may impose a franchise fee upon light and power, telephone, and gas distribution businesses except for regular business and occupation taxes and administrative expenses incurred because of these businesses. Franchise fees imposed by contract before April 20, 1982, are not prohibited for the duration of the contract.

Business and occupation taxes imposed by cities and towns on electrical energy, natural gas, steam energy, and telephone businesses are limited to 6 percent unless approved by a majority of the voters of the city or town. This provision was originally enacted in 1982 and provided for the lowering of tax rates in excess of 6 percent over a ten-year period beginning January 1, 1983. Franchise fees imposed by contract before April 20, 1982, were considered taxes under this limit to the extent they exceeded the administrative expenses incurred because of these businesses.

Any increase in the rate of tax on light and power, telephone, and gas distribution businesses may not take effect for 60 days after enactment of the increase.

SUMMARY:

The limitations applicable to light and power, telephone, and gas distribution businesses are applied to water distribution and sewerage collection businesses.

No city or town may impose a franchise fee upon water distribution and sewer collection businesses except for regular business and occupation taxes and administrative expenses incurred because of these businesses. Franchise fees imposed by contract before the effective date of the act are not prohibited for the duration of the contract.

Business and occupation taxes imposed by cities and towns on water distribution and sewer collection businesses are limited

to 6 percent unless approved by a majority of the voters of the city or town. Provision is made for the lowering of tax rates in excess of 6 percent over a ten-year period beginning January 1, 1994. Fees imposed by contract before the effective date of the act are considered taxes under this limit to the extent they exceed the administrative expenses incurred because of these businesses.

Any increase in the rate of tax on water distribution and sewer collection businesses may not take effect for 60 days after enactment of the increase.

Appropriation: none

Revenue: none

Fiscal Note: available