

HOUSE BILL REPORT

HB 2299

As Reported By House Committee On:

Agriculture & Ecology

Title: An act relating to allowing continued use of pollution control tax credits after facilities are modified to maintain effective pollution control.

Brief Description: Allowing continued use of pollution control tax credits after facilities are modified to maintain effective pollution control.

Sponsors: Representatives Chandler, Linville, Carlson and Costa; by request of Department of Ecology.

Brief History:

Committee Activity:

Agriculture & Ecology: 1/19/98, 1/26/98 [DPS].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Chandler, Chairman; Parlette, Vice Chairman; Schoesler, Vice Chairman; Linville, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Cooper; Delvin; Koster; Mastin; Regala and Sump.

Staff: Bill Lynch (786-7092).

Background: Between 1969 and 1981, entities which purchased pollution control facilities (equipment, systems, control devices, etc.) in order to comply with laws pertaining to clean air or clean water could apply for a certificate from the Department of Ecology. The certificate allowed the entity to obtain a credit against the business and occupation tax, use tax, or public utility tax of up to 50 percent of the cost of the facility. The amount of the credit could not exceed 2 percent of the cost of the facility per year. Although the granting of new credits ended in 1981, there are still 69 companies which still hold certificates under the program.

The Department of Ecology is required to revoke a certificate if the facility covered by the certificate is modified or replaced, even if the new or modified facility is an improvement over the facility covered by the certificate.

Summary of Substitute Bill: If an entity modifies or replaces a facility covered by a pollution control tax credit certificate issued by the Department of Ecology, and the facility is still operated primarily for the control or reduction of water pollution or the control, capture, and removal of air pollution, and the facility is reasonably adequate to meet the purposes of the laws pertaining to water and air pollution, then the certificate may not be revoked because of the modification or replacement of the original facility.

The department is also prohibited from revoking the certificate if the facility is modified or removed because of an alteration in the production process, or because of an alteration to the establishment in which the facility is located, and the alteration results in reasonably adequate compliance with the water and air pollution control laws. The certificate also cannot be revoked if part or all of the establishment in which the facility was installed ceases operations and the cessation of operation results in reasonably adequate compliance with the water and air pollution control laws.

Substitute Bill Compared to Original Bill: Language is added to clarify that the pollution control tax credit certificate cannot be revoked because of an alteration to the facility or the establishment in which the facility is located, or because of a partial or total cessation of operations of the establishment, if the results are reasonably adequate to comply with water and air pollution control laws.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill corrects a flaw in the statute that was discovered as part of an agency rules review. The costs to the state are minor.

Testimony Against: None.

Testified: Jerry Thielen, Department of Ecology (pro); and Scott Hazelgrove, Association of Washington Business (pro with changes).