

# HOUSE BILL ANALYSIS

## HB 1532

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**Title:** An Act relating to public utility tax credits for energy assistance programs.

**Brief Description:** Public utility tax credits for energy assistance programs.

**Sponsors:** Representatives Mastin, Poulsen, Pennington, Mitchell, Crouse, Kessler, Morris and Grant.

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### HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

*Meeting Date:* February 12, 1999

*Bill Analysis Prepared by:* Julia Harmatz, (786-7135)

***Background:***

*Energy assistance funds are used to help low-income households meet the costs of home heating, make furnace repairs, and educate recipients on how to reduce their energy consumption and better manage their heating resources.*

*The Low-Income Home Energy Assistance Program (LIHEAP) is a federal block-grant program that provides funds to states for low-income energy assistance and weatherization programs. The Department of Community, Trade, and Economic Development (CTED) distributes LIHEAP funds to a service network of 27 contractors, 23 locally based nonprofit organizations, and four units of local government.*

*Households eligible to receive LIHEAP funds are households at or below 125 percent of federal poverty guidelines (approximately \$17,000 annual income for a family of three). The lowest income households receive up to 80 percent of heating costs as a benefit and those at 125 percent of poverty receive 40 percent of heating costs as a benefit. The maximum benefit per heating season is \$700.*

*Due to repeated reductions in federal funding over the past several years, CTED now provides assistance to approximately one half as many households as it did in 1990 (46,000 households in 1998 compared to 96,000 households in 1990), which represents approximately 18 percent of the eligible population.*

*Public and investor-owned utilities, such as electric utilities and natural gas distribution companies, pay a state public utility tax on gross receipts, instead of the business and occupation tax.*

**Summary:**

*Electric and gas utilities may be allowed a tax credit against the state public utility tax for making grants directly, or through the Department of Community, Trade, and Economic Development (CTED), to organizations that contract with CTED to provide low-income energy assistance for specified service areas.*

*A local organization receiving qualifying grants may apply the money to the low-income energy assistance program that best meets a community's needs, as determined by the organization.*

*Credits are approved only if the combined total of the allotted credits to non profit or governmental organizations does not exceed five (5) percent of LIHEAP funds as allotted within the particular service area in federal fiscal year 1995. The application and approval process is specified. The recipient of the credit is directed to keep a running total of all credits approved to verify eligibility.*

*The amount of an applicant's tax credit is limited to the amount of the public utility tax imposed for a calender year. Unused credit may not be carried over. Refunds may not be given in lieu of tax credits, and no credit may be approved for grants made before the effective date of the act.*

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date of Bill:** July 1, 1999.