

ANALYSIS OF HB 1821

***House Agriculture & Ecology Committee
22, 1999***

February

- A deduction is created against the public utility tax for expenditures to improve efficiency of water use by consumers.

BACKGROUND:

The public utility tax is imposed upon several different types of public service businesses. The tax is imposed upon the gross income of the business, multiplied by the rate set for that particular type of business. The rate imposed upon a water distribution business is four and seven-tenths percent (.047).

A deduction is allowed against the public utility tax for the amounts expended to improve consumers' efficiency of energy use or to otherwise reduce the amount of electrical energy or gas used by consumers. No similar deduction is allowed for amounts expended to improve consumers' efficiency of water use.

A 1995 report by the Department of Health indicated that consumer education is important in encouraging conservation and efficient use of water.

SUMMARY:

A deduction is allowed against the public utility tax for the amounts expended to improve consumers' efficiency of water use or to otherwise reduce the amount of water by consumers.
