

FINAL BILL REPORT

HB 2926

C 4 L 00

Synopsis as Enacted

Brief Description: Repealing certain coal tax exemptions.

Sponsors: Representatives DeBolt, Crouse, Alexander, Thomas, Kessler, Murray, Bush and Wolfe.

House Committee on Technology, Telecommunications & Energy
Senate Committee on Energy, Technology & Telecommunications

Background:

The Centralia Steam Plant is a thermal electric generating facility located in Lewis County approximately five miles northeast of Centralia. The steam plant is the sole customer of the adjacent Centralia Coal Mine, which is operated by the Centralia Mining Company, a wholly owned subsidiary of PacifiCorp. Together, the steam plant and coal mine employ approximately 670 people.

A tax incentive, enacted in 1997, provides specific sales and use tax exemptions for certain thermal electric generating facilities. However, the facility will forfeit these exemptions if less than 70 percent of the coal consumed at the facility the previous calendar year was from a coal mine in Lewis County or a contiguous county.

Sales tax of 6.5 percent is imposed on retail sales of most items of tangible personal property and on some services. In addition, local sales taxes apply, making the total sales tax rate between 7 percent and 8.6 percent, depending on location. Use tax is imposed on the use of an item in the state, when the acquisition of the item has not been subject to sales tax. The use tax rate is equal to the sales tax rate.

Summary of Bill:

The sales and use tax exemption for thermal electric generating facilities is amended by repealing the requirement for a facility to forfeit sales and use tax exemptions if less than 70 percent of the coal consumed at the facility the previous calendar year was from a coal mine in Lewis County or a contiguous county.

Votes on Final Passage:

House 96 1

Senate 47 1

Effective: June 8, 2000