

HOUSE BILL ANALYSIS

HB 2926

Title: An act relating to coal tax exemptions.

Brief Description: Repealing certain coal tax exemptions.

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

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS AND ENERGY

Meeting: January 28, 2000.

Staff: Julia Harmatz (786-7135)

Background:

Transalta Corporation is purchasing the 1340 MW coal-fired Centralia power plant.

The Centralia Steam Plant and adjacent coal mine are located in Lewis County approximately five miles northeast of Centralia.

The steam plant is the sole customer of the 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.

Sales and Use Taxes: Sales tax is imposed on retail sales of most items of tangible personal property, and on some services. The state sales tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. The total tax rate is between 7 percent and 8.6 percent, depending on location. Sales tax is paid by the purchaser and collected by the seller.

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. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out-of-state, and items produced by the person using the item. The use tax rate is equal to the sales tax rate. Use tax is paid directly to the Department of Revenue.

Summary of Bill:

This bill repeals two statutes that would cause 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.

Appropriation: No.

Fiscal Note: Requested on January 24, 2000.

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