
SECOND SUBSTITUTE SENATE BILL 5540

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Franklin, Eide, Regala, Fraser, Costa, Rasmussen, Patterson, Kline, Kohl-Welles, Winsley and Gardner; by request of Governor Locke)

READ FIRST TIME 03/27/01.

1 AN ACT Relating to public utility tax credits for home energy
2 assistance programs for low-income households; amending RCW
3 74.38.070; and adding a new section to chapter 82.16 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.16
6 RCW to read as follows:

7 (1) Unless the context clearly requires otherwise, the
8 definitions in this subsection apply throughout this section.

9 (a) "Base credit" means the maximum amount of credit against
10 the tax imposed by this chapter that each light and power business
11 or gas distribution business may take each fiscal year as
12 calculated by the department. The base credit is equal to the
13 proportionate share that the total grants received by each light
14 and power business or gas distribution business in the prior
15 fiscal year bears to the total grants received by all light and
16 power businesses and gas distribution businesses in the prior
17 fiscal year multiplied by two million five hundred thousand
18 dollars.

1 (b) "Billing discount" means a reduction in the amount charged
2 for providing service to qualifying persons in Washington made by
3 a light and power business or a gas distribution business. Billing
4 discount does not include grants received by the light and power
5 business or a gas distribution business.

6 (c) "Grant" means funds provided to a light and power business
7 or gas distribution business by the department of community,
8 trade, and economic development or by a qualifying organization.

9 (d) "Low-income home energy assistance program" means energy
10 assistance programs for low-income households as defined on
11 December 31, 2000, in the low-income home energy assistance act of
12 1981 as amended August 1, 1999, 42 U.S.C. Sec. 8623 et seq.

13 (e) "Qualifying person" means a Washington resident who applies
14 for assistance and qualifies for a grant regardless of whether
15 that person receives a grant.

16 (f) "Qualifying contribution" means money given by a light and
17 power business or a gas distribution business to a qualifying
18 organization, exclusive of money received in the prior fiscal year
19 from its customers for the purpose of assisting other customers.

20 (g) "Qualifying organization" means an entity that has a
21 contractual agreement with the department of community, trade, and
22 economic development to administer in a specified service area low-
23 income home energy assistance funds received from the federal
24 government and such other funds that may be received by the
25 entity.

26 (2) Subject to the limitations in this section, a light and
27 power business or a gas distribution business may take a credit
28 each fiscal year against the tax imposed under this chapter for
29 qualifying contributions that are equal to or greater than one
30 hundred twenty-five percent of the qualifying contributions given
31 in fiscal year 2000 and for billing discounts that are equal to or
32 greater than one hundred twenty-five percent of the billing
33 discounts given in fiscal year 2000. If no billing discounts were
34 given in fiscal year 2000 a credit shall be allowed on any billing
35 discounts given in any subsequent fiscal year. Thereafter, credit
36 shall be allowed on billing discounts given that are equal to or
37 greater than one hundred twenty-five percent of the billing
38 discounts given in the first fiscal year such billing discounts

1 are given. The amount of credit shall be fifty percent of the total
2 billing discounts and qualifying contributions, limited to the
3 base credit for the same fiscal year.

4 (3) The total amount of credit, statewide, that may be taken in
5 any fiscal year shall not exceed one million five hundred thousand
6 dollars. By May 1st of each year starting in 2002, the department
7 of community, trade, and economic development shall notify the
8 department of revenue in writing of the grants received in the
9 current fiscal year by each light and power business and gas
10 distribution business.

11 (4)(a) Not later than June 1st of each year beginning in 2002,
12 the department shall publish the base credit for each light and
13 power business and gas distribution business for the next fiscal
14 year.

15 (b) Not later than July 1st of each year beginning in 2002,
16 application for credit must be made to the department including
17 but not limited to the following information: Billing discounts
18 given by the applicant in fiscal year 2000; qualifying
19 contributions given by the applicant in the prior fiscal year; the
20 amount of money received in the prior fiscal year from customers
21 for the purpose of assisting other customers; the base credit for
22 the next fiscal year for the applicant; the qualifying
23 contributions anticipated to be given in the next fiscal year; and
24 billing discounts anticipated to be given in the next fiscal
25 year. No credit under this section will be allowed to a light and
26 power business or gas distribution business that does not file the
27 application by July 1st.

28 (c) Not later than August 1st of each year beginning in 2002,
29 the department shall notify each applicant of the amount of credit
30 that may be taken in that fiscal year.

31 (d) The balance of base credits not used by other light and
32 power businesses and gas distribution businesses shall be ratably
33 distributed to applicants under the formula in subsection (1)(a)
34 of this section. The total amount of credit that may be taken by an
35 applicant is the base credit plus any ratable portion of unused
36 base credit.

37 (5) The credit taken under this section is limited to the
38 amount of tax imposed under this chapter for the fiscal year. The

1 credit must be claimed in the fiscal year in which the billing
2 reduction is made. Any unused credit expires. Refunds shall not be
3 given in place of credits.

4 (6) No credit may be taken for billing discounts made before
5 July 1, 2001. Within two weeks of the effective date of this
6 section, the department of community, trade, and economic
7 development shall notify the department of revenue in writing of
8 the grants received in fiscal year 2001 by each light and power
9 business and gas distribution business. Within four weeks of the
10 effective date of this section, the department of revenue shall
11 publish the base credit for each light and power business and gas
12 distribution business for fiscal year 2002. Within eight weeks of
13 the effective date of this section, application to the department
14 must be made showing the information required in subsection (4)(b)
15 of this section. Within twelve weeks of the effective date of this
16 section, the department shall notify each applicant of the amount
17 of credit that may be taken in fiscal year 2002.

18 **Sec. 2.** RCW 74.38.070 and 1998 c 300 s 8 are each amended to read
19 as follows:

20 (1) Notwithstanding any other provision of law, any county,
21 city, town, municipal corporation, or quasi municipal corporation
22 providing utility services may provide such services at reduced
23 rates for low income senior citizens or other low-income
24 citizens: PROVIDED, That, for the purposes of this section, "low-
25 income senior citizen" or "other low-income citizen" shall be
26 defined by appropriate ordinance or resolution adopted by the
27 governing body of the county, city, town, municipal corporation,
28 or quasi municipal corporation providing the utility services
29 except as provided in subsection (2) of this section. Any
30 reduction in rates granted in whatever manner to low-income senior
31 citizens or other low-income citizens in one part of a service
32 area shall be uniformly extended to low-income senior citizens or
33 other low-income citizens in all other parts of the service area.

34 (2) For purposes of implementing this section by any public
35 utility district, (a) "low-income senior citizen" means a person
36 who is sixty-two years of age or older and whose total income,
37 including that of his or her spouse or cotenant, does not exceed

1 the amount specified in RCW 84.36.381(5)(b), (~~as now or hereafter~~
2 ~~amended~~) and (b) "other low-income citizen" means a person within
3 the defined group established by appropriate ordinance or
4 resolution as provided in subsection (1) of this section whose
5 household income does not exceed the amount specified in RCW
6 70.164.020(4).

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