

SENATE BILL REPORT

SB 6622

As Reported By Senate Committee On:
Natural Resources, Energy & Water, February 6, 2004

Title: An act relating to the distribution of privilege taxes paid by nonhydroelectric generating facilities.

Brief Description: Clarifying the distribution of privilege taxes paid by nonhydroelectric generating facilities.

Sponsors: Senator Hewitt.

Brief History:

Committee Activity: Natural Resources, Energy & Water: 2/6/04 [DP].

SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

Majority Report: Do pass.

Signed by Senators Morton, Chair; Hewitt, Vice Chair; Doumit, Fraser, Hale, Hargrove, Honeyford, Oke and Regala.

Staff: Richard Rodger (786-7461)

Background: The public utility district privilege tax, established in 1941, applies to electric generating facilities of public utility districts (PUDs) for the privilege of operating. The tax is intended to be in lieu of property tax, since public utility districts are governmental entities and do not pay property taxes. This allows schools and other taxing districts to receive revenues from the large investment in PUD generating facilities. There are 25 public utility districts which pay the PUD privilege tax.

The Department of Revenue has statutory direction regarding distribution of the local government portion of the privilege tax for both hydroelectric and thermal generating facilities when more than one county is involved. There are no provisions concerning the distribution on the tax between counties for other electric generating facilities, such as coal, natural gas, biomass, wind or solar.

Summary of Bill: If an entire nonhydroelectric generating facility is located in more than one county, then the balance must be distributed to each county in an amount equal to the percent of the original cost of the generating facility located in each county as compared to the total original cost of the generating facility.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: There is no distribution formula in law for electric generating facilities other than dams or nuclear power plants. The State Auditor recommends that the Department of Revenue have a statutory distribution formula for these facilities.

Testimony Against: None.

Testified: Dave Warren, WPUDA (pro); Anne Solwick, DOR (pro).