

2518-S2

Sponsor(s): House Committee on Finance (originally sponsored by Representatives Kirby, Conway, Morris, Holmquist and Hinkle)

Brief Description: Exempting from the state public utility tax the sales of electricity to an electrolytic processing business.

HB 2518-S2.E - DIGEST

(DIGEST AS ENACTED)

Provides that, effective July 1, 2004, the tax levied under chapter 82.16 RCW does not apply to sales of electricity made by a light and power business to a chlor-alkali electrolytic processing business or a sodium chlorate electrolytic processing business for the electrolytic process if the contract for sale of electricity to the business contains the following terms: (1) The electricity to be used in the electrolytic process is separately metered from the electricity used for general operations of the business;

(2) The price charged for the electricity used in the electrolytic process will be reduced by an amount equal to the tax exemption available to the light and power business under this act; and

(3) Disallowance of all or part of the exemption under this act is a breach of contract and the damages to be paid by the chlor-alkali electrolytic processing business or the sodium chlorate electrolytic processing business are the amount of the tax exemption disallowed.

Does not apply to amounts received from the remarketing or resale of electricity originally obtained by contract for the electrolytic process.

Requires that, in order to claim an exemption under this act, the chlor-alkali electrolytic processing business or the sodium chlorate electrolytic processing business must provide the light and power business with an exemption certificate in a form and manner prescribed by the department.

Does not apply to sales of electricity made after December 31, 2010.

Expires June 30, 2011.

Finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources, the legislature needs information to evaluate whether the stated goals of legislation were achieved.

Requires a person who receives the benefit of an electrolytic processing business tax exemption to make an annual report to the department detailing employment, wages, and employer-provided health and retirement benefits per job at the manufacturing site.

Provides that, if a person fails to submit an annual report by the due date of the report, the department shall declare the amount of taxes exempted for that year to be immediately due and payable. Public utility taxes payable under this provision are subject to interest but not penalties, as provided under this act. This information is not subject to the confidentiality provisions of RCW

82.32.330 and may be disclosed to the public upon request.

Provides that, by December 1, 2007, and by December 1, 2010, the fiscal committees of the house of representatives and the senate, in consultation with the department, shall report to the legislature on the effectiveness of the tax incentive under this act. The report shall measure the effect of the incentive on job retention for Washington residents, and other factors as the committees select. The report shall also discuss expected trends or changes to electricity prices as they affect the industries that benefit from the incentives.