

SB 6250 - DIGEST

Finds: (1) When retail energy prices rise, the amount of taxes paid by consumers also increase, because state and local public utility taxes are presently levied as a fixed percentage of revenue derived by electric and natural gas utilities from retail energy sales;

(2) Increased energy costs can have an adverse impact on the economy of the state of Washington and this impact is compounded by attendant increases in the amount of taxes that must be paid on energy purchases;

(3) Volatility in wholesale energy prices has become more common, compared to historical wholesale market behavior, and changes in wholesale prices ultimately translate into higher retail energy prices; and

(4) Further increases in wholesale and retail energy prices appear imminent.

Declares that the rate of state and local public utility taxes and the corresponding rate of use taxes on natural gas purchases should be indexed to the cost of energy for residential consumers, providing that tax rates should be adjusted downward when energy prices rise and upward when energy prices fall, except that tax rates should be capped at the rate currently provided under law so that consumers would never pay a higher tax rate than they do at present.