

HOUSE BILL REPORT

E2SHB 2053

As Reported by House Committee On:
Finance

Title: An act relating to improving the availability of motor vehicle fuel in the event of an electric power outage or interruption in electric service.

Brief Description: Providing for improved availability of motor vehicle fuel during power outages or interruptions in electrical service.

Sponsors: House Committee on Finance (originally sponsored by Representatives Goodman, Springer, O'Brien, Dunshee, Eddy, Blake, Lovick, Upthegrove, Green, Simpson and Hurst).

Brief History:

Committee Activity:

Finance: 1/15/08, 1/18/08 [DP3S].

Brief Summary of Third Substitute Bill

- Establishes a B&O tax credit for gasoline service stations for the cost of installing alternative power generation devices.

HOUSE COMMITTEE ON FINANCE

Majority Report: The third substitute bill be substituted therefor and the third substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Don Taylor (786-7388).

Background:

Washington's principal tax on businesses is the state business and occupation (B&O) tax. The B&O tax applies to the gross receipts derived from engaging in business. Although the tax does not reflect the cost of doing business, there are a variety of exemptions, deductions and other tax incentives permitted by law. Gasoline service stations are subject to the B&O

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retailing rate (0.471 percent) on motor vehicle fuel and other items that are sold to consumers. Most B&O tax receipts are deposited in the State General Fund.

Summary of Third Substitute Bill:

A credit against state B&O tax liability is provided for gasoline service stations for costs associated with acquiring alternative power generation devices. The amount of tax credit is limited to 50 percent of the cost of such devices, up to a maximum of \$25,000 per taxpayer. Eligible costs include the purchase of an alternative power generation devices, the wiring necessary to install the devices and the related installation labor and services. An overall cap of \$750,000 per biennium applies to the total credits under the program. The credit will expire at the end of Fiscal Year 2011.

Third Substitute Bill Compared to Engrossed Second Substitute Bill:

Three amendments were adopted by the committee on January 18, 2008, and the amended bill was passed as a third substitute. The first amendment is merely technical; it changes the original August 1, 2007, effective date to July 1, 2008. The second amendment reduces the maximum amount of B&O tax credit available for any single taxpayer from \$50,000 to \$25,000. The third amendment extends the credit to cover costs incurred in wiring of gasoline service stations to accommodate an alternative power generation device.

Appropriation: None.

Fiscal Note: Requested on 3rd Substitute January 18, 2008.

Effective Date of Third Substitute Bill: The bill takes effect July 1, 2008.

Staff Summary of Public Testimony: (In support) There were 10,000 households without power in northern King County and southern Snohomish County during the November 2006 wind storm. Households need access to fuel to operate their home generators. Mini-marts with gas pumps would also be able to operate refrigeration equipment so that food does not spoil and customers will be able to purchase milk, eggs, etc. during a power outage.

The state of Florida has mandated a system by which gas stations have power available. It is expected that the current bill will be utilized by about 15 gas stations. The average cost of a typical generator system to power a gas station is approximately \$24,000, excluding the cost of wiring.

There is a proposed amendment to reduce the maximum credit to \$25,000. Another proposed amendment would expand the use of the credit to cover the cost of wiring and related charges for labor.

Persons Testifying: Representative Goodman, prime sponsor; and Charlie Brown, Oil Marketers Association.

Persons Signed In To Testify But Not Testifying: None.