

HOUSE BILL REPORT

ESB 5599

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to distributions of tax proceeds from thermal electric generating facilities.

Brief Description: Modifying provisions related to the distribution of tax proceeds from thermal electric generating facilities.

Sponsors: Senators Schoesler, Poulsen and Morton.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/20/08, 2/26/08 [DP].

Brief Summary of Engrossed Bill

- Extends the privilege tax revenue distribution area for the Columbia Generating Station to include areas north of the southern boundary of Township 15 when tax revenues exceed the collections for Fiscal Year 2008.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: Do pass. Signed by 11 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Ericksen, Herrera, Hudgins, Kelley, Morris, Takko and Van De Wege.

Minority Report: Without recommendation. Signed by 1 member: Representative Hankins.

Staff: Scott Richards (786-7156).

Background:

Public utility districts (PUDs) pay a privilege tax in lieu of a tax on property. The privilege tax applies to electric generating facilities of PUDs for the privilege of operating. The privilege tax is measured by gross income derived from the sale of electric energy, the number of kilowatt hours of self-generated energy which is either distributed to consumers or resold to other utilities, and the wholesale value of energy produced in thermal plants.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 1977 the Legislature applied a privilege tax to the nuclear power plant at Hanford, now called the Columbia Generating Station. The current rate is 1.605 percent of the wholesale value of the energy produced for sale or use. A portion of the tax revenues is annually distributed to city and county governments, library districts, and fire protection districts within a 35-mile radius of the most commonly used entrance of the Hanford Reservation, less the area north of the southern Township 15 boundary. This 35-mile radius is referred to as the thermal electric generating facility impacted area (impacted area).

Privilege tax revenues from the Columbia Generating Station are distributed in the following manner:

- 50 percent is distributed to the State General Fund for public schools; and
- 50 percent is distributed to local taxing districts based on their population to the total population within the impacted area. The 50 percent share for local taxing districts within the impact area is divided among the following districts:
 - 22 percent to counties;
 - 23 percent to cities;
 - 3 percent to fire districts; and
 - 2 percent to certain library districts.

Summary of Bill:

The revenue distribution area for the Columbia Generating Station privilege tax is extended to the modified impacted area for any privilege tax amount collected that exceeds collections for Fiscal Year 2008.

The term "modified impacted area" for a thermal electric generating facility on a federal reservation means that area in the state lying within 35 statute miles of the most commonly used entrance of the federal reservation.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The revenue that will be distributed as a result of this bill to the modified impacted area only represents the growth portion of revenues and does not alter the base amount that governments and districts in the impacted area currently receive. No existing dollars will be taken away from local entities already receiving privilege tax revenues. It is not clear why originally the arc of the circle representing the impacted area was not extended into southern Adams and Grant counties. The Hanford gate, the center of the impacted area, is

located closer to the excluded City of Othello in Adams County than parts of Walla Walla County that are currently included in the impacted area.

(Opposed) None.

Persons Testifying: Senator Schoesler, prime sponsor; and Zak Kennedy, Adams County.

Persons Signed In To Testify But Not Testifying: None.