

SENATE BILL REPORT

ESB 5599

As Passed Senate, February 11, 2008

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: Water, Energy & Telecommunications: 1/31/07, 2/20/07 [DP, DNP].
Passed Senate: 2/11/08, 45-2.

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Honeyford, Ranking Minority Member; Fraser, Holmquist, Marr, Morton, Oemig, Pridemore and Regala.

Minority Report: Do not pass.

Signed by Senator Delvin.

Staff: Jan Odano (786-7486)

Background: 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, about \$1.2 million in 2006, are annually distributed to local governments, library districts, and fire 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.

Summary of Engrossed Bill: The revenue distribution area for the Columbia Generating Station privilege tax is extended to the area north of the southern boundary of Township 15, but only when the revenues exceed the collections for fiscal year 2008. This change will allow the city of Othello and portions of Adams County to participate in the distributions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

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.

Staff Summary of Public Testimony: PRO: It is hard to understand why Adams County was never included in the impact area. Many communities in Adams County have experienced growth because of Hanford, but receive no benefit from the privilege tax. The local governments in the excluded areas do not want to raise the privilege tax rate, nor do they want to raid the monies of other local governments. They are seeking a fair solution that is tied to future growth of the revenues.

CON: The impact area was probably designed to capture those areas that housed Hanford employees, which is why the radius was measured from the most commonly used entrance to Hanford. All the revenue that is distributed from the privilege tax is very important to the receiving districts, no matter the amount.

Persons Testifying: PRO: Senator Schoesler, prime sponsor; Rudy Plager, Adams County Commissioner.

CON: Leo Bowman, Benton County Commissioner.