

SENATE BILL REPORT

SB 6614

As Reported by Senate Committee On:
Ways & Means, March 3, 2010

Title: An act relating to clarifying the applicability of business and occupation tax to conservation programs with the Bonneville power administration.

Brief Description: Clarifying the applicability of business and occupation tax to conservation programs with the Bonneville power administration.

Sponsors: Senators Pridemore, Zarelli, Morton, Delvin and Marr.

Brief History:

Committee Activity: Ways & Means: 3/02/10, 3/03/10 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6614 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Dean Carlson (786-7305)

Background: The Bonneville Power Administration (BPA) operates two programs that allows utilities to receive credits on their monthly purchases of power from BPA. From 2001 through 2006, the Conservation and Renewable Discount Program funded local weatherization and conservation programs. That program was replaced by the Conservation Rate Credit.

To fund larger conservation projects, BPA used the Conservation Augmentation Program from 2001 through 2006. That program was replaced by the Conservation Acquisition Agreement program. These programs allowed utilities to request specific funding for a project that would reduce a customer's power consumption.

The Department of Revenue has concluded that the credits and payments received by utilities under the above programs are subject to the business and occupation tax.

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.

Summary of Bill (Recommended Substitute): Credits or funds provided by the BPA for the purposes of implementing energy conservation programs or demand-side management programs are exempt from the business and occupation tax.

The exemption from the business and occupation tax expires June 30, 2015.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): The exemption from the business and occupation tax expires June 30, 2015.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: Since 1980 a variety of conservation incentive programs have been provided by the Bonneville Power Administration (BPA). The BPA allows a utilities expenditures on these programs to be taken as a credit on the amount the utility owes to the BPA. This hasn't been taxed in the past. We would like to encourage conservation in the state.

Persons Testifying: PRO: Bill Clarke, Washington PUD Association.