

SENATE BILL REPORT

SB 5499

As Reported by Senate Committee On:
Environment, Water & Energy, February 16, 2011

Title: An act relating to utility donations to hunger programs.

Brief Description: Concerning utility donations to hunger programs.

Sponsors: Senators Chase, Kohl-Welles and Shin.

Brief History:

Committee Activity: Environment, Water & Energy: 2/11/11, 2/16/11 [DPS, DNP].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: That Substitute Senate Bill No. 5499 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rockefeller, Chair; Chase, Fraser, Morton and Ranker.

Minority Report: Do not pass.

Signed by Senators Honeyford, Ranking Minority Member; Delvin and Holmquist Newbry.

Staff: Jan Odano (786-7486)

Background: Public Utility Districts and Municipal Utilities. Public utility districts (PUD) and municipal utilities are municipal corporations authorized by statutes. Usually, the powers of municipal corporations are limited to those powers that are expressly granted by statute or by the constitution; necessarily implied in or incident to powers expressly granted; and essential to the declared purposes and objects of the municipal corporation. PUDs and municipal utilities may collect donations to support low-income residents with their electricity bills and for the purposes of urban forestry. State law does not address whether a PUD or municipal utility may collect donations to support hunger programs.

Investor Owned Utilities. The Utilities and Transportation Commission (UTC) regulates in the public interest the rates, services and practices of privately-owned utilities and transportation companies. Privately-owned electrical and gas companies may request voluntary donations from their customers for the purposes of urban forestry. Neither state law nor UTC rules prohibit privately-owned electrical or natural gas companies from

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collecting donations to support hunger programs, provided that the cost of administering the donation program is not imposed on ratepayers.

Public Utility Tax. The Public Utility Tax is a tax on public service businesses, including businesses that engage in transportation; communications; and the supply of electricity, natural gas, and water. The tax is paid on gross income derived from operation of public and privately owned utilities in lieu of the business and occupation tax.

Summary of Bill (Recommended Substitute): PUD and municipal utilities may request voluntary donations from their customers to support hunger programs. Any donations for hunger programs must be used to support the maintenance and operation of those programs.

PUD and municipal utilities are not precluded from requesting voluntary donations to support other types of programs.

Donations received by a public utility district or municipal utility company are not considered gross income of a light and power business or gas distribution business for the purposes of calculating public utility taxes.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Substitute):

- Clarifies that the authorization to collect donations for hunger programs does not preclude utilities from requesting voluntary donations to support other types of programs.
- Clarifies that donations received for hunger programs are to be used to support those programs.
- Removes the provisions for gas and electrical companies regulated by UTC to request voluntary donations for hunger programs.

Appropriation: None.

Fiscal Note: Not requested.

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: This facilitates food getting to people and helps families. Local charity programs are being asked to do more and this will help. This will help local food programs in an efficient way. It is an easy way for people to contribute. It is voluntary; they do not have to participate, but can if their customers want them to. The hunger problem is growing in our state. Donations are not keeping up with the need. Hunger programs can leverage these dollars.

CON: Although this is voluntary, this could divert needed funding from our energy assistance program. It may split donations, rather than increase them. It will increase administrative costs.

Persons Testifying: PRO: Ann Rendahl, Utilities & Transportation Commission; Josh Fogt, Northwest Harvest; Beth Elliot, Fish Food Banks of Tacoma; Tony Airhart, Coastal Harvest.

CON: Nancy Atwood, Puget Sound Energy.