

SENATE BILL REPORT

SB 5595

As Reported by Senate Committee On:
Government Operations, Tribal Relations & Elections, February 17, 2011

Title: An act relating to distribution of the public utility district privilege tax.

Brief Description: Concerning distribution of the public utility district privilege tax.

Sponsors: Senator Parlette.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 2/15/11, 2/17/11 [DPS-WM].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 5595 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Pridemore, Chair; Swecker, Ranking Minority Member; Chase, Nelson and Roach.

Staff: Diane Smith (786-7410)

Background: Public utility district (PUD) privilege tax is an in-lieu-of property tax. It applies to electricity-generating facilities for the privilege of operating in this state. The tax rate has several components including gross income derived from the sale of electricity, 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 generating facilities.

The PUDs report the facts pertinent to calculation of the tax to the Department of Revenue (DOR) once per year. DOR calculates the tax owed and collects the taxes paid by the PUDs. These tax proceeds are deposited with the State Treasurer.

The State Treasurer deposits 4 percent of the proceeds from the basic tax rate to the state general fund. The remaining 96 percent is distributed: 37.6 percent to the state general fund for public schools; and 62.4 percent to the counties to be redistributed.

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.

A county must distribute funds to each taxing district in the county, but not to school districts, in a manner the county deems most equitable. However, it can be no less than an amount equal to 0.0075 percent of the gross revenues obtained by a PUD from the sale of electricity to the city.

A circumstance is not addressed in the statutory distribution of this tax. This circumstance is where a PUD is located in a city but does not sell any electricity to that city.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): If a county receives PUD privilege tax because the PUD owns property in a city or town in the county, but the PUD sells no electricity in that city or town, then the county and each city or town in which the PUD owns property but makes no sales of electricity must receive an equal share of the privilege tax proceeds.

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: PRO: These funds are already collected from the PUD. Getting them to the city is a simple fix. For 45 years, Okanogan County has received this privilege tax but the city of Pateros has never received a distribution to fairly compensate the city.

Persons Testifying: PRO: Gail A. Howe, Mayor, City of Pateros; George Brady, Councilman, City of Pateros.