

FINAL BILL REPORT

2SSB 5595

C 361 L 11
Synopsis as Enacted

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Parlette).

Senate Committee on Government Operations, Tribal Relations & Elections
Senate Committee on Ways & Means
House Committee on Ways & Means

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.

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: If a county receives privilege taxes because a public utility district operated by another county owns fee title to property in a city or town in the county, but the district has no sales of electrical energy in that city or town, the county may retain 70 percent of the tax proceeds and each city or town where property is owned shall divide the remainder equally. This only applies when the city or town is adjoins a reservoir on the Columbia river wholly

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or partially created by such district's hydroelectric facility which began power generation in 1967.

The bill applies to PUD privilege taxes to be distributed in 2012 and thereafter.

Votes on Final Passage:

Senate	48	0	
House	96	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2011.