

SENATE BILL REPORT

SHB 1068

As Reported by Senate Committee On:
Governmental Operations, April 1, 2013

Title: An act relating to the television reception improvement district excise tax.

Brief Description: Concerning the television reception improvement district excise tax.

Sponsors: House Committee on Finance (originally sponsored by Representatives Manweller and Warnick).

Brief History: Passed House: 3/08/13, 93-5.

Committee Activity: Governmental Operations: 3/21/13, 4/01/13 [DPA, DNP].

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass as amended.

Signed by Senators Roach, Chair; Benton, Vice Chair; Braun, Conway, Fraser and Rivers.

Minority Report: Do not pass.

Signed by Senator Hasegawa, Ranking Member.

Staff: Sam Thompson (786-7413)

Background: Television reception improvement districts (districts) can be formed by county legislative authorities to construct and operate translator stations to improve television (TV) and FM radio reception. Since 1971, when they were authorized in state law, seven districts have been formed in Chelan, Clallam, Douglas, Kittitas, and Okanogan counties.

Districts are governed by a district board. If the district is countywide, the county legislative authority is the board. If a district is less than countywide, the board consists of three, five, seven, or nine persons appointed by the county legislative authority to serve staggered three-year terms. Districts finance operations by collecting an annual excise tax of no more than \$60 per TV in the district. The board annually prepares a list of persons believed to own TVs in the district and provides the list to the county treasurer, who collects the tax from TV owners. The county treasurer also serves as the district's treasurer.

Owners of five or fewer TVs may only be assessed for one TV. Owners of more than five TVs, including motels and hotels, are assessed at reduced rates per TV. An owner is exempt

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from paying the tax if their TV does not receive a strong signal from district facilities or the owner subscribes to a community cable TV service. However, to qualify for an exemption an owner must file a statement with the board claiming the owner's grounds for an exemption.

Summary of Bill (Recommended Amendments): A district board may exempt a TV owner from paying the annual excise tax on TVs if the owner subscribes to satellite TV service. The owner must be currently subscribing to and receiving services of a satellite carrier, and must file a statement with the district board claiming grounds for the exemption, as TV owners claiming an existing tax exemption must currently provide.

A district may reduce costs of services performed by a county treasurer by assisting the treasurer in sending tax notices to taxpayers.

EFFECT OF CHANGES MADE BY GOVERNMENTAL OPERATIONS COMMITTEE (Recommended Amendments): The amendment clarifies that a TV owner claiming a tax exemption for a TV receiving satellite TV service must be currently subscribing to and receiving services of a satellite carrier, and must file a statement with the district board claiming grounds for the exemption. A provision authorizing a district to designate a person to serve as district treasurer in lieu of the county treasurer is deleted. Provisions are added to enable a district to reduce costs of services performed by a county treasurer by assisting the treasurer in sending tax notices to taxpayers.

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 Substitute House Bill: PRO: This bill seeks to create equity and fairness in the current tax system; satellite TV was not available when districts were authorized in 1971. Optional authority to designate a district treasurer enables districts to reduce tax-collection expenses.

OTHER: Unlike cable TV fees, satellite TV fees go out of the district, and are not invested locally. Taxes on remaining taxpayers may go up to maintain district facilities and operations. Documentation should be provided for an exemption.

Persons Testifying: PRO: Representative Manweller, prime sponsor.

OTHER: Joe Underhill, Kittitas County TV Reception Improvement District #1.