
Finance Committee

HB 2119

Brief Description: Concerning consumer data privacy protection and the work of a task force to consider creating a consumer data privacy protection office.

Sponsors: Representatives Smith and Pollet.

Brief Summary of Bill

- Changes the business and occupation tax rate for income received from the sale of smart metering data from .471 percent to 1.6 percent.
- Establishes the data privacy enforcement account and requires the business and occupation tax revenue collected on income from the sale of smart metering data be deposited into the account.
- Establishes a task force on consumer data privacy.

Hearing Date: 2/23/15

Staff: Dominique Meyers (786-7150).

Background:

Business and Occupation Tax.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues are deposited in the State General Fund. There are several rate categories, and a business may be subject to more than one B&O tax rate, depending on the types of activities conducted.

Smart Metering System.

A smart meter is an electronic measurement device used by utilities to communicate information for billing customers and operating their electric systems. Initially, the use of smart meters was applied to commercial and industrial customers due to the need for more sophisticated rates and

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more granular billing data requirements. The use of these systems has expanded over time to other customers. Smart meters enable two-way communication between the meter and the central system and can send and receive data for remote reporting.

Summary of Bill:

Beginning October 1, 2015, the income received for the sale of smarter metering data is subject to a new B&O tax rate of 1.6 percent in lieu of the current retailing rate of .471 percent. The taxes collected are deposited into the data privacy enforcement account created in the bill.

A task force on data privacy is established consisting of 11 members: (1) two members from the House of Representatives; (2) two members from the Senate, a Governor's appointee; (3) the State Auditor or a designee; (4) the State Attorney General or a designee and; (5) four additional members from the private sector. The task force must evaluate and make recommendations regarding the establishment of a state government office of the privacy commissioner. The findings and recommendations are due to the legislature by December 1, 2016. The task force disbands on July 1, 2017.

Appropriation: None.

Fiscal Note: Requested on February 18, 2015.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.