
Local Government Committee

ESSB 6587

Brief Description: Concerning the transparency of local taxing districts.

Sponsors: Senate Committee on Local Government (originally sponsored by Senators Hasegawa and Van De Wege).

Brief Summary of Engrossed Substitute Bill

- Requires certain local utility districts that serve 10,000 or more customers to disclose state and local tax rates imposed on the district, if any, on each billing statement beginning on September 1, 2018.
- Requires certain local utility districts with less than 10,000 but more than 5,000 customers to begin disclosing tax information upon their next billing system update or by January 1, 2023, whichever is sooner.
- Requires tax information for services for which no billing statements are issued to be made available upon request.
- Requires each electric utility to provide either written or electronic notice of public hearings where changes in electricity rates will be considered or approved by the Utilities and Transportation Commission or governing body.

Hearing Date: 2/21/18

Staff: Yvonne Walker (786-7841).

Background:

Metropolitan Municipal Corporation.

A metropolitan municipal corporation (MMC) is a municipal corporation of the state and can be formed in any area of the state containing two or more cities, at least one of which is of 10,000 or more in population. A MCC may perform any one or more of the following functions: water pollution abatement; water supply; public transportation; garbage disposal; parks and parkways;

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and comprehensive planning. A MCC may levy taxes for funding the services provided by the MCC.

Public Utility District.

A public utility district (PUD) is a type of special purpose district authorized to provide electricity, water, sewer, and telecommunications services. PUDs are authorized to establish rates and charges for providing water and sewer services. There are 28 PUDs in Washington.

Diking, Drainage, and Sewerage Improvement District.

Diking, drainage, and sewerage improvement districts were created in 1913 to improve dikes, ditches, sewers, and related facilities. Diking improvement districts improve dikes, drains, and ditches to provide an efficient system of drainage for land within the district. Districts may fix rates and charges for services, enter into contracts, levy taxes, and issue bonds. Sewer improvement and related districts plan, construct, and operate facilities to collect, treat, and dispose of sanitary, industrial, and other sewage.

Solid Waste Collection Districts.

Solid waste collection districts provide garbage and refuse collection services in unincorporated county areas when the Utilities and Transportation Commission (UTC) determines an area is not receiving adequate service. Counties are authorized to charge and collect reasonable fees for this service.

The UTC is a three-member commission with the mission of ensuring that investor-owned utility and transportation services are safe, available, reliable, and fairly-priced. The UTC regulates electric, telecommunications, natural gas, and water businesses. The UTC also regulates in-state household movers, solid waste carriers, private ferries, and inter-city buses, as well as safety issues affecting charter buses, railroads, limousines, and nonprofit senior/handicapped transportation services.

Solid Waste Disposal Districts.

Solid waste disposal districts provide services in incorporated areas in counties with populations of 1 million or less. The legislative bodies of cities and towns may also join by resolution. A solid waste disposal district may collect disposal fees based exclusively upon utilization by weight or volume for accepting solid wastes at a disposal site or transfer station.

Water-Sewer District.

Water-sewer districts (WSD), a type of special purpose district, are created to further public health and safety and to furnish water, sewerage, and drainage services to incorporated and unincorporated areas. The WSDs have many statutorily enumerated powers, including the power to construct, condemn and purchase, maintain, and operate waterworks, systems of sewers, systems of reclaimed water, and systems of drainage to inhabitants within and outside of a district. The WSDs may also create facilities, systems, and programs for the collection, interception, treatment, disposal, and control of pollution from wastewater. The WSDs may fix

rates and charges for services, enter into contracts, levy taxes, and issue bonds and instruments evidencing indebtedness.

Municipal Utilities.

Cities and towns are authorized to operate waterworks, sewerage and solid waste handling systems, utilities—gas/electric, and transportation facilities. Municipal utilities may fix rates and charges for services, enter into contracts, levy taxes, and issue bonds.

Disclosure to Retail Electric Customers.

Retail electric customers have the right to receive specified disclosures from all electric utilities, other than small electric utilities. The disclosures must include:

- credit and deposit requirements;
- rates and charges, including how to receive notice for public hearings on changes in rates;
- metering and measurement policies;
- bill payment policies;
- payment arrangement options;
- disconnection notice requirements;
- confidentiality policies for customer records;
- customer inquiry and complaint procedures; and
- an annual report.

Notice of Disclosures to Retail Electric Customers.

At the time service is established and at least once a year thereafter, an electric utility must provide notice that disclosures are available upon request and without charge. This notice must either be a prominent part of each customer's bill or provided in a separate mailing.

Utilities must identify on all customer billing statements, or by a separate quarterly written notice, the various components of electricity service that customers are charged for as part of their bills, including: electricity, distribution, metering, overhead, conservation investments, and taxes.

Small Electric Utilities.

A small utility is defined as any consumer-owned utility with 25,000 or fewer electric meters in service, or that has an average of seven or fewer customers per mile of distribution line.

Additional Tax Information on Customer Billings.

Any customer billing issued by a light or power business that serves more than 20,000 customers in Washington must include: (1) the rates and amounts of taxes paid directly by the customer on products or services from the light and power business; and (2) the rate, origin, and approximate amount of each tax levied on the revenue of the light and power business.

Summary of Bill:

Beginning on September 1, 2018, the following utility districts must disclose the specific rates of state and local taxes on each customer's billing statement: metropolitan municipal corporations; public utility districts; diking, drainage, and sewerage improvement districts; solid waste collection districts; solid waste disposal districts; water-sewer districts; and municipal utility districts.

The rates of state and local taxes imposed on a district relating to billed services and the amount of the state and local taxes that must be paid directly by the customer or taxpayer through the billing statement:

- must be disclosed on each billing statement if the district serves 10,000 or more customers or taxpayers;
- must be disclosed upon the next update to its billing system or by January 1, 2023, whichever is sooner, if the district serves less than 10,000 but more than 5,000 customers or taxpayers; and
- may be disclosed on the billings if the district serves less than 5,000 customers or taxpayers. In these instances, districts are encouraged but not required to provide the tax information.

If a district does not issue billing statements for the services it provides, it must make the state and local tax information available upon request to taxpayers within its service boundaries.

In addition, all electric utilities, other than small electric utilities, must provide the following:

- written or electronic notice, in a form or manner as required by the Utilities and Transportation Commission (UTC) or governing body, for any public hearing when changes in electricity rates will be considered or approved by the UTC or governing body; and
- the rate of tax imposed on the electric utility by a city or town, if any, and the amount of the tax to be paid directly by the retail electric customer through the billing statement.

The act goes into effect on September 1, 2018.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on September 1, 2018.