

# SENATE BILL REPORT

## SHB 2889

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As Reported by Senate Committee On:  
Local Government, February 27, 2020

**Title:** An act relating to utility tax disclosures.

**Brief Description:** Concerning utility tax disclosures.

**Sponsors:** House Committee on Local Government (originally sponsored by Representative Griffey).

**Brief History:** Passed House: 2/18/20, 97-1.

**Committee Activity:** Local Government: 2/27/20, 2/27/20 [DPA, w/oRec].

### Brief Summary of Amended Bill

- Requires that any city or town that operates its own water, sewer or wastewater, or stormwater utility, and imposes a tax or fee on the operation of that utility, must disclose the tax or fee to its customers on its billing statements, a public website, or through other written or electronic communication made on an annual basis or within 30 days of the effective date of any rate change.

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### SENATE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass as amended.

Signed by Senators Takko, Chair; Short, Ranking Member; Honeyford and Lovelett.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Salomon, Vice Chair.

**Staff:** Bonnie Kim (786-7316)

**Background:** Cities and towns may operate municipal utilities, including utilities providing water, sewage, and stormwater services.

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*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.*

Cities and towns may impose license or excise taxes on business activities, including the provision of services by utilities. These taxes may be imposed by a city or town on the operation of its own utility.

**Summary of Amended Bill:** Any city or town that operates its own water, sewer or wastewater, or stormwater utility, and imposes a tax or fee on the gross revenue of the utility, must disclose the tax or fee to its utility customers. This disclosure can occur on a regular billing statement—either electronic or paper; on the city or town's website, if written notice is provided to customers or taxpayers that this information is available; or through an insert, mailer, or other communication provided to customers or taxpayers either annually or within 30 days of any subsequent tax rate change.

**EFFECT OF LOCAL GOVERNMENT COMMITTEE AMENDMENT(S):**

- Closes a quotation of required tax or fee disclosure language.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Substitute House Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: There have been issues for constituents not being able to get an exact breakdown of what they are paying on their utility bills with a public records request. This is a good common sense, open government bill.

OTHER: We appreciate that this bill does not cause additional administrative work for the utility.

**Persons Testifying:** PRO: Representative Dan Griffey, Prime Sponsor.

OTHER: Candice Bock, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** No one.