

FINAL BILL REPORT

SHB 1254

C 68 L 23

Synopsis as Enacted

Brief Description: Clarifying ambiguities in statutory provisions administered by the department of revenue relating to periodic adjustments.

Sponsors: House Committee on Finance (originally sponsored by Representatives Street, Reed and Ramel; by request of Department of Revenue).

House Committee on Finance

Senate Committee on Ways & Means

Background:

Port District Surplus Property Sales.

Port districts may sell certain port district property of \$10,000 or less in value by resolution. The value limit of \$10,000 must be adjusted annually by the governmental price index established in statute and calculated by the Department of Revenue (DOR). The statute establishing the price index was repealed in 2012.

Use Tax on Self-Produced Fuel.

Self-produced fuel is subject to use tax. Refinery fuel gas is valued for use tax purposes based on the most recent monthly United States natural gas wellhead spot price published by the federal Energy Information Administration (EIA). As of 2012, the wellhead spot price is no longer published. The Henry Hub spot price is the pricing point for natural gas futures on the New York Mercantile Exchange. Settlement prices at the Henry Hub natural gas pipeline are used as benchmarks for the North American natural gas market. The spot price is published by the EIA.

Hazardous Substance Tax.

The hazardous substance tax rate on non-petroleum hazardous substances is 0.7 percent of the wholesale value of the substance. Beginning July 1, 2020, and every July 1 thereafter, the \$1.09 per barrel rate is increased by a percentage that equals the implicit price deflator for nonresidential structures, published by the United States Department of Commerce.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Summary:

Port District Surplus Property Sales.

The value limit for property a port district may sell is increased from \$10,000 to \$22,000. Beginning in December 2024, the DOR must annually adjust the limit based on the consumer price index for the Seattle area, rounded to the nearest \$10.

Use Tax on Self-Produced Fuel.

The wellhead price is replaced by the three-year average spot price of natural gas as calculated by the DOR. The three-year average is the average of the 36 most recent monthly Henry Hub natural gas spot prices as published by the EIA. The DOR is required to publish the average on its website on a quarterly basis.

Hazardous Substance Tax.

The hazardous substance tax rate adjustments are established as cumulative and permanent.

Votes on Final Passage:

House	96	0
Senate	48	0

Effective: July 23, 2023