

HOUSE BILL REPORT

SSB 6614

As Passed House:

March 9, 2010

Title: An act relating to clarifying the applicability of business and occupation tax to conservation programs with the Bonneville power administration.

Brief Description: Clarifying the applicability of business and occupation tax to conservation programs with the Bonneville power administration.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Pridemore, Zarelli, Morton, Delvin and Marr).

Brief History:

Committee Activity:

None.

Floor Activity:

Passed House: 3/9/10, 95-2.

Brief Summary of Substitute Bill

- Exempts from the business and occupation tax funds credits or provided by the BPA for the purposes of implementing energy conservation programs or demand-side management programs.

Staff: Rick Peterson (786-7150).

Background:

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. Businesses must pay B&O tax even though they may not have any profits or may be operating at a loss. Major tax rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services; several lower rates also apply to specific business activities.

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.

The Bonneville Power Administration (BPA) operates two programs that provide utilities credits on their monthly purchases of power from BPA. From 2001 through 2006, the Conservation and Renewable Discount Program funded local weatherization and conservation programs. That program was replaced by the Conservation Rate Credit.

To fund larger conservation projects, the BPA used the Conservation Augmentation Program from 2001 through 2006. That program was replaced by the Conservation Acquisition Agreement program. These programs allowed utilities to request specific funding for a project that would reduce a customer's power consumption.

The Department of Revenue has concluded that the credits and payments received by utilities under the above programs are subject to the B&O tax.

Summary of Bill:

Credits or funds provided by the BPA for the purposes of implementing energy conservation programs or demand-side management programs are exempt from the business and occupation tax. The exemption from the B&O tax expires June 30, 2015.

Appropriation: None.

Fiscal Note: Not requested.

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