
SENATE BILL 5441

State of Washington 62nd Legislature 2011 Regular Session

By Senators Prentice, Nelson, Haugen, White, and Kline

Read first time 01/25/11. Referred to Committee on Government Operations, Tribal Relations & Elections.

1 AN ACT Relating to creating a county utility tax option; and adding
2 a new chapter to Title 82 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature recognizes counties have
5 limited revenue options and their capacity has been further limited
6 over the past decade. The legislature also recognizes the counties'
7 reliance on the limited revenue authorities makes it difficult for
8 counties to provide the necessary and required services to their
9 residents. The legislature also recognizes that cities have diverse
10 revenue options and the differences between cities and counties can be
11 confusing for both residents and businesses within a county. The
12 legislature also finds that a majority of citizens and businesses are
13 already paying a utility tax. The legislature intends to provide
14 counties with a utility tax option in order to help diversify revenue
15 options in order to provide necessary and required services.

16 NEW SECTION. **Sec. 2.** (1) Subject to the conditions and
17 requirements of this section, a county may impose an excise tax on the
18 privilege of engaging in business as a utility. The tax is equal to

1 the gross income derived from providing service to consumers within the
2 county multiplied by the rate provided in subsection (3) of this
3 section. A county may submit a ballot proposition to the voters to
4 seek voter approval to impose the utility tax under this section, but
5 is not required to do so.

6 (2) A county with a population of one million five hundred thousand
7 persons or less may not impose an excise tax on the privilege of
8 engaging in business as a gas utility.

9 (3) A county may not impose a rate of tax that exceeds six percent,
10 except a county with a population of one million five hundred thousand
11 persons or less may not impose a rate that exceeds one percent on an
12 electrical power utility.

13 (4) A county must use taxes collected under the authority of this
14 section only for public safety, infrastructure, capital projects, and
15 other services.

16 (5) A utility subject to tax under this section must add the tax to
17 the rates or charges it makes for utility services and separately state
18 the amount of tax on billings.

19 (6) A county may initially impose the tax authorized under this
20 section only on the first day of a calendar quarter and no sooner than
21 seventy-five days from the date the county adopts the ordinance or
22 resolution imposing the tax.

23 (7) A county may provide exemptions for sales by utilities to
24 business customers, such as manufacturing facilities, aircraft repair
25 facilities, industrial parks, industrial facilities, farm businesses,
26 and computer data centers. A county may not provide a general
27 exemption for sales by utilities to residential customers unless
28 business customers are also exempt.

29 (8) A county must allow a credit against the cable service utility
30 tax for any franchise fee paid by the cable service utility to the
31 county.

32 (9) A county must allow a credit against the tax imposed under the
33 authority of this section for the amount of any similar utility tax
34 imposed by a city or town on the same taxable event. The credit
35 required by this subsection may not exceed the amount of tax otherwise
36 due.

1 NEW SECTION. **Sec. 3.** The following definitions apply throughout
2 this chapter unless the context clearly requires otherwise.

3 (1) "Cable service utility" means a person providing cable service
4 as defined in the federal telecommunications act of 1996.

5 (2) "Electrical power utility" means a "light and power business"
6 as defined in RCW 82.16.010.

7 (3) "Gas utility" means a "gas distribution business" as defined in
8 RCW 82.16.010.

9 (4) "Gross income" has the same meaning as provided in RCW
10 82.16.010.

11 (5) "Sewer utility" means a sewerage collection business as that
12 term is used in chapter 82.16 RCW.

13 (6) "Solid waste utility" means a "solid waste collection business"
14 as defined in RCW 82.18.010.

15 (7) "Telephone utility" means a person providing
16 "telecommunications service" as defined in RCW 82.04.065.

17 (8) "Water utility" means a "water distribution business" as
18 defined in RCW 82.16.010.

19 (9) "Utility" means an electrical power utility, gas utility,
20 telephone utility, water utility, sewer utility, solid waste utility,
21 or cable service utility. "Utility" also means a water-sewer district
22 formed under Title 57 RCW.

23 NEW SECTION. **Sec. 4.** Sections 1 through 3 of this act constitute
24 a new chapter in Title 82 RCW.

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