

SENATE BILL REPORT

SB 5568

As Reported By Senate Committee On:
Energy & Utilities, March 5, 1997

Title: An act relating to public utility tax credits for weatherization and energy assistance programs.

Brief Description: Establishing public utility tax credits for weatherization and energy assistance programs.

Sponsors: Senators Finkbeiner, Sheldon, Strannigan, Brown, Jacobsen, Kline and Winsley.

Brief History:

Committee Activity: Energy & Utilities: 3/4/97, 3/5/97 [DP-WM].

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Finkbeiner, Chair; Brown, Jacobsen, Strannigan and Swanson.

Staff: Diane Smith (786-7410)

Background: The Low-Income Home Energy Assistance Program (LIHEAP) is a federal block-grant program that provides funds to states for low-income energy assistance and weatherization programs. The United States Department of Energy (USDOE) Low-Income Weatherization Assistance Program is a federal grant program that provides funds to states for low-income weatherization.

Energy assistance funds are used to help low-income households meet the costs of home heating, make furnace repairs, and educate recipients on how to reduce their energy consumption and better manage their heating resources. Weatherization funds are used to install weatherization materials and make related minor home repairs. Examples of weatherization measures include: diagnostically directed airsealing, insulating, caulking, weatherstripping, replacing broken windows, and improving the efficiency of a home's heating system. The program also provides measures to mitigate hazards such as carbon monoxide poisoning and other air quality dangers.

The Department of Community, Trade, and Economic Development (DCTED) administers LIHEAP and USDOE weatherization funds, combining weatherization funding with funding from other low-income energy programs (the state Energy Matchmakers and the Bonneville Power Administration Low-Income Weatherization Assistance Program) where appropriate so that all cost-effective measures are installed in an eligible home. DCTED provides LIHEAP funds to a service network of 27 contractors, 23 locally-based nonprofit organizations, and four units of local government. Benefits are based on actual heating costs from the previous 12 months, with a maximum household benefit of \$700 and a minimum benefit of \$25. DCTED also contracts with a statewide network of 26 local agencies,

providing weatherization funds to those agencies for weatherization and consumer energy conservation education services.

Public and investor-owned utilities, such as electric utilities and natural gas distribution companies, pay a state public utility tax on gross receipts, instead of the business and occupation tax.

Summary of Bill: Electric and gas utilities are allowed a tax credit against the state public utility tax for making grants to organizations with contracts with the DCTED as of October 1, 1994, to provide low-income energy assistance and weatherization programs.

A utility receives the credit for making a grant to a qualifying organization only if the combined total of the tax credits received by all electric and gas utilities for such grants does not exceed 24 percent of LIHEAP and USDOE weatherization funds allotted to the particular organization by DCTED in federal fiscal year 1995.

The amount of the tax credit is limited to the amount of the utility's state public utility tax liability. Any unused excess credit may be carried forward a maximum of one year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: This bill allows utilities to give money to community action contractors instead of paying all of their public utility tax. It helps to mitigate the federal cuts to the LIHEAP and USDOE pass-through grants. This will help maintain the low-income housing stock. Need far exceeds available funds.

Testimony Against: None.

Testified: John Walsh, Community Action Council (pro); Majken Ryherd Keira, WA State Association of Community Action Agencies (pro).