

HOUSE BILL REPORT

2SSB 5331

As Reported By House Committee On:
Technology, Telecommunications & Energy

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

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Goings, Patterson, Eide, Winsley and Rasmussen).

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 3/31/99 [DP].

Brief Summary of Second Substitute Bill

- Tax credits are offered to light and power businesses and gas distribution businesses for grants made to organizations that provide low income energy assistance.
- Federal funding for these programs has significantly decreased and this bill attempts to mitigate the loss via a neutral tax credit incentive program.
- Department of Community, Trade, and Economic Development (CTED) administers the program and approves the credits. Total tax credit available is 2.5 percent of the federal assistance funds (LIHEAP program) available in 1995.

**HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS &
ENERGY**

Majority Report: Do pass. Signed by 11 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Delvin; Kastama; McDonald; Morris; Reardon and Wolfe.

Minority Report: Do not pass. Signed by 3 members: Representatives DeBolt, Republican Vice Chair; Mielke and Thomas.

Staff: Julia Harmatz (786-7135).

Background: 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.

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 CTED distributes LIHEAP funds to a service network of 27 contractors, 23 locally based nonprofit organizations, and four units of local government.

Households eligible to receive LIHEAP funds are households at or below 125 percent of federal poverty guidelines (approximately \$17,000 annual income for a family of three). The lowest income households receive up to 80 percent of heating costs as a benefit and those at 125 percent of poverty receive 40 percent of heating costs as a benefit. The maximum benefit per heating season is \$700.

Due to repeated reductions in federal funding over the past several years, CTED now provides assistance to approximately one-half as many households as it did in 1990 (46,000 households in 1998 compared to 96,000 households in 1990), which represents approximately 18 percent of the eligible population.

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 may be allowed a tax credit against the state public utility tax for making grants directly, or through the CTED, to organizations that contract with CTED to provide low income energy assistance for specified service areas. Voluntary customer contributions are also eligible to be calculated for tax credits on a limited basis.

A local organization receiving qualifying grants may apply the money to the low-income energy assistance program that best meets a community's needs, as determined by the organization.

Credits are approved only if the combined total of the allotted credits to nonprofit or governmental organizations does not exceed 2.5 percent of LIHEAP funds as allotted within the particular service area in federal fiscal year 1995. The application and approval process is specified. The recipient of the credit is directed to keep a running total of all credits approved to verify eligibility.

The amount of an applicant's tax credit is limited to the amount of the public utility tax imposed for a calendar year. Unused credit may be carried over. No credit may be approved for grants made before the effective date of the act.

When a recipient closes a utility account that has a residual of unused energy assistance, the funds must either be: (1) transferred to the recipient next utility account; or (2) returned to the program.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill is capped at \$1 million and addresses the concern of no cap in the House version of the same bill. The tax credit approach is a win-win situation. By allowing the tax credit for grants to organizations, utilities can assist these programs without shifting costs.

Testimony Against: None.

Testified: Senator Lisa Brown, prime sponsor; Doreen Marchione, Multi-Service Centers; Majken Ryherd Kerra, Washington State Association of Community Action Agencies; Susan Braukus, Puget Sound Energy; Kathleen Collins, PacifiCorp; Danielle Dixon, NW Energy Coalition; and Toni Potter, League of Women Voters.