

# FINAL BILL REPORT

## SSB 6062

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### FULL VETO

As Passed Legislature

**Brief Description:** Providing a sales and use tax deferral for natural gas-fired energy generating facilities sited in rural areas.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Gardner, Spanel, West and Oke).

### Senate Committee on Ways & Means

**Background:** The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. The total tax rate is between 7 percent and 8.6 percent, depending on location.

In 1999 the various categories of distressed counties— were consolidated into a single category based on population density. Counties with 100 persons per square mile or less are now considered to be rural.— Businesses in these counties are eligible for sales tax and B&O tax incentives. In addition to the business tax incentives, rural counties are allowed to impose a 0.8 percent local sales tax credited against the state sales tax.

**Summary:** A sales and use tax deferral is provided for the plant and equipment expenditures of a natural gas fired electric generating facility. To be eligible, the facility must be located in a rural— county and be at least 600 megawatts.

The deferral becomes an outright exemption if the facility stays in operation for at least eight years. (If the facility is in operation for less than eight years, then a sliding scale determines the amount of deferred taxes owed.) The deferral expires July 1,2002.

### Votes on Final Passage:

Senate	40	8
House	69	29
House	67	31 (House reconsidered)

### First Special Session

Senate	36	5 (Senate overrode Governor's veto)
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