

Technology, Telecommunications & Energy

HB 1406

Brief Description: *Providing sales and use tax exemptions for air pollution control facilities acquired or installed by a light and power business at thermal electric peaking plants.*

Sponsors: *Representatives Esser, Poulsen, Crouse, Linville, Kagi, Kenney, Hatfield, Van Luven, Cooper, Campbell, Roach, Bush, Berkey, Miloscia, Rockefeller and Kessler.*

Brief Summary of Bill

- *Allows a sales and use tax exemption for air pollution control facilities acquired or installed by a light and power business at a gas-fired thermal electrical generation facility placed into service between 1978 and 1984 that is operating subject to pollution control limits.*

Hearing Date: *1/31/01*

Staff: *Pam Madson (786-7166).*

Background:

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax base includes goods and certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax at a rate up to a maximum of 3.1 percent; currently, local rates levied range from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller.

The use tax is imposed on items used in the state which were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed

under the retail sales tax. Use tax is paid directly to the Department of Revenue.

Facilities that are major sources of air pollution are required to obtain an air operating permit. The permit may set limits on emissions, require monitoring, record keeping, reporting, and other compliance measures.

If a facility emits pollutants into the air but is not required to obtain an air operating permit, that source must register every year with the Department of Ecology or a local air authority. Through the registration process, the levels and types of air pollution from a given source are classified and regulatory requirements relating to air emissions are identified.

Summary of Bill:

A sales and use tax exemption is available for air pollution control facilities acquired and installed at gas-fired electric generating facilities that were placed into service between 1978 and 1984. The generation facility must be operated by a light and power business, and must be registered with the Department of Ecology during 2000 as a source of air pollution. The tax exemption applies to acquisition and installation but does not include charges for operation and maintenance of the facility or the air pollution control facility.

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

Appropriation: *None.*

Fiscal Note: *Available.*