

***Agriculture & Ecology Committee***

***HB 1872***

***Brief Description:*** *Providing a tax deduction for water conservation measures.*

***Sponsors:*** *Representatives Linville, G. Chandler, Quall, Morris, Grant, Simpson, Doumit, Rockefeller, Ogden, Gombosky, Santos, Lovick, O'Brien, Wood, McDermott, Kagi and Schual-Berke.*

***Brief Summary of Bill***

- *Makes amounts expended to improve consumers' water use efficiency or to reduce their use of water deductible from the income on which the public utility tax is paid.*

***Hearing Date:*** *2/13/01*

***Staff:*** *Kenneth Hirst (786-7105).*

***Background:***

*Gross income derived from the operation of a variety of publicly and privately owned utilities is taxed under the public utility tax. This tax is in lieu of a business and occupation tax. (Tax Reference Manual, Department of Revenue, 1999.) The base public utility tax rate on a water distribution business is 4.7% times the gross income of the business. (RCW 82.16.020(1).) The amount payable under this computation is then subject to an addition tax of 7.0%. (RCW 82.16.020(2).) Together, these rates yield a tax rate of 5.029%. Of the monies collected from the public utility tax on water distribution businesses, 20% is deposited in the Public Works Assistance Account. (RCW 82.16.020(3).)*

***Summary of Bill:***

*The amounts expended to improve consumers' efficiency of water use or to otherwise reduce the use of water by the consumer is to be deducted from the gross income for computing the public utility tax owed.*

***Appropriation: None.***

***Fiscal Note: Requested on February 11, 2001.***

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