

---

SENATE BILL 6041

---

State of Washington

64th Legislature

2015 Regular Session

By Senators Rivers and Conway

Read first time 02/19/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to extending the business and occupation tax  
2 exemption for amounts received as credits against contracts with or  
3 funds provided by the Bonneville power administration; amending RCW  
4 82.04.310; creating a new section; providing an effective date; and  
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** This section is the tax preference  
8 performance statement for the tax preference contained in section 2  
9 of this act. This performance statement is only intended to be used  
10 for subsequent evaluation of the tax preference. It is not intended  
11 to create a private right of action by any party or be used to  
12 determine eligibility for preferential tax treatment.

13 (1) The legislature categorizes this tax preference as one  
14 intended to induce certain designated behavior by taxpayers, as  
15 indicated in RCW 82.32.808(2)(a).

16 (2) It is the legislature's specific public policy objective to  
17 increase investment in energy efficiency and conservation programs,  
18 and to support efforts by utilities to acquire all cost-effective  
19 energy conservation as required under state law. To support this  
20 objective, it is the legislature's intent to make permanent the  
21 exemption from business and occupation tax amounts received by

1 utilities in the form of credits against power contracts or received  
2 from the Bonneville power administration for energy conservation  
3 purposes, thereby inducing utilities to invest funds in energy  
4 conservation and efficiency programs, thereby reducing the amount of  
5 electric energy that such utilities must either generate or purchase,  
6 thereby reducing energy costs to utilities and customers.

7 **Sec. 2.** RCW 82.04.310 and 2014 c 216 s 302 are each amended to  
8 read as follows:

9 (1) This chapter does not apply to any person in respect to a  
10 business activity with respect to which tax liability is specifically  
11 imposed under the provisions of chapter 82.16 RCW including amounts  
12 derived from activities for which a deduction is allowed under RCW  
13 82.16.050. The exemption in this subsection does not apply to sales  
14 of natural gas, including compressed natural gas and liquefied  
15 natural gas, by a gas distribution business, if such sales are exempt  
16 from the tax imposed under chapter 82.16 RCW as provided in RCW  
17 82.16.310.

18 (2) This chapter does not apply to amounts received by any person  
19 for the sale of electrical energy for resale within or outside the  
20 state.

21 (3)(a) This chapter does not apply to amounts received by any  
22 person for the sale of natural or manufactured gas in a calendar year  
23 if that person sells within the United States a total amount of  
24 natural or manufactured gas in that calendar year that is no more  
25 than twenty percent of the amount of natural or manufactured gas that  
26 it consumes within the United States in the same calendar year.

27 (b) For purposes of determining whether a person has sold within  
28 the United States a total amount of natural or manufactured gas in a  
29 calendar year that is no more than twenty percent of the amount of  
30 natural or manufactured gas that it consumes within the United States  
31 in the same calendar year, the following transfers of gas are not  
32 considered to be the sale of natural or manufactured gas:

33 (i) The transfer of any natural or manufactured gas as a result  
34 of the acquisition of another business, through merger or otherwise;  
35 or

36 (ii) The transfer of any natural or manufactured gas accomplished  
37 solely to comply with federal regulatory requirements imposed on the  
38 pipeline transportation of such gas when it is shipped by a third-  
39 party manager of a person's pipeline transportation.

1       (4) This chapter does not apply to amounts received by any person  
2 in the form of credits against power contracts with the Bonneville  
3 power administration, or funds provided by the Bonneville power  
4 administration, for the purpose of implementing energy conservation  
5 programs or demand-side management programs.

6       NEW SECTION.   **Sec. 3.**   This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of  
8 the state government and its existing public institutions, and takes  
9 effect July 1, 2015.

--- END ---