

HOUSE BILL ANALYSIS

E2SSB 5331

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).

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Meeting: February 16, 2000

Staff: Julia Harmatz

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.

Low-Income Home Energy Assistance Program (LIHEAP)

The LIHEAP is a federal block-grant program that provides funds to states for low-income energy assistance and weatherization programs. The Community Trade and Economic Development Department (CTED) distributes LIHEAP funds to a service network of 27 contractors, 23 locally-based nonprofit organizations, and four units of local government.

Eligible Recipients & Funds

Households eligible to receive LIHEAP funds are households that are at the federal poverty level or below (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.

The funds available for the block grant program have decreased. As such, the CTED currently provides assistance to approximately one-half as many households as it did in 1990, or approximately 18 percent of the eligible recipients (46,000 households in 1998 compared to 96,000 households in 1990).

Tax

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:

Light and power businesses and gas distribution businesses may be allowed a tax credit against the state-imposed public utility tax. The credit is for grants made to organizations that contract with the CTED to provide low-income energy assistance. The CTED will keep track of the credits.

No credit will be approved for grants made prior to July 1, 2000.

A local organization that receives qualified grants may apply the funds to the low-income energy assistance program that best meets a community's needs. A community's needs are determined by the organization.

Tax Credits

Voluntary customer contributions are eligible to be calculated for tax credits as follows:

(1) In an amount equal to 100% of business contributions that are not from voluntary contributions; and (2) an amount equal to 10% of voluntary contributions.

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 amount of a business'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.

Residual

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's next utility account; or (2) returned to the program.

Appropriation: None.

Fiscal Note: Available.

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

