
SECOND SUBSTITUTE HOUSE BILL 1443

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Wood, Crouse, Poulsen, Ogden, Edmonds, Linville, Kagi, Van Luven, Hatfield, Kenney, Cooper, O'Brien, Conway, Lovick, Roach, Bush, Morell, Veloria, Berkey, Miloscia, McIntire, Esser, Rockefeller, McDermott and Kessler; by request of Governor Locke)

READ FIRST TIME 03/8/01.

1 AN ACT Relating to public utility tax credits for home energy
2 assistance programs for low-income households; and adding new
3 sections to chapter 82.16 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.16
6 RCW to read as follows:

7 (1) Unless the context clearly requires otherwise, the
8 definitions in this subsection apply throughout this section.

9 (a) "Base credit" means the maximum amount of credit against
10 the tax imposed by this chapter that each light and power business
11 or gas distribution business may take each fiscal year as
12 calculated by the department. The base credit is equal to the
13 proportionate share that the total grants received by each light
14 and power business or gas distribution business in the prior
15 fiscal year bears to the total grants received by all light and
16 power businesses and gas distribution businesses in the prior
17 fiscal year multiplied by two million five hundred thousand
18 dollars.

1 (b) "Billing discount" means a reduction in the amount charged
2 for providing service to qualifying persons in Washington made by
3 a light and power business or a gas distribution business. Billing
4 discount does not include grants received by the light and power
5 business or a gas distribution business.

6 (c) "Grant" means funds provided to a light and power business
7 or gas distribution business by the department of community,
8 trade, and economic development or by a qualifying organization.

9 (d) "Low-income home energy assistance program" means energy
10 assistance programs for low-income households as defined on
11 December 31, 2000, in the low-income home energy assistance act of
12 1981 as amended August 1, 1999, 42 U.S.C. Sec. 8623 et seq.

13 (e) "Qualifying person" means a Washington resident who applies
14 for assistance and qualifies for a grant regardless of whether
15 that person receives a grant.

16 (f) "Qualifying contribution" means money given by a light and
17 power business or a gas distribution business to a qualifying
18 organization, exclusive of money received in the prior fiscal year
19 from its customers for the purpose of assisting other customers.

20 (g) "Qualifying organization" means an entity that has a
21 contractual agreement with the department of community, trade, and
22 economic development to administer in a specified service area low-
23 income home energy assistance funds received from the federal
24 government and such other funds that may be received by the
25 entity.

26 (2) Subject to the limitations in this section, a light and
27 power business or a gas distribution business may take a credit
28 each fiscal year against the tax imposed under this chapter for
29 qualifying contributions and for billing discounts that are equal
30 to or greater than one hundred twenty-five percent of the billing
31 discounts given in fiscal year 2000. If no billing discounts were
32 given in fiscal year 2000 a credit shall be allowed on any billing
33 discounts given in any subsequent fiscal year. Thereafter, credit
34 shall be allowed on billing discounts given that are equal to or
35 greater than one hundred twenty-five percent of the billing
36 discounts given in the first fiscal year such billing discounts
37 are given. The amount of credit shall be fifty percent of the total

1 billing discounts and qualifying contributions, limited to the
2 base credit for the same fiscal year.

3 (3) The total amount of credit, statewide, that may be taken in
4 any fiscal year shall not exceed two million five hundred thousand
5 dollars. By May 1st of each year starting in 2002, the department
6 of community, trade, and economic development shall notify the
7 department of revenue in writing of the grants received in the
8 current fiscal year by each light and power business and gas
9 distribution business.

10 (4)(a) Not later than June 1st of each year beginning in 2002,
11 the department shall publish the base credit for each light and
12 power business and gas distribution business for the next fiscal
13 year.

14 (b) Not later than July 1st of each year beginning in 2002,
15 application for credit must be made to the department including
16 but not limited to the following information: Billing discounts
17 given by the applicant in fiscal year 2000; qualifying
18 contributions given by the applicant in the prior fiscal year; the
19 amount of money received in the prior fiscal year from customers
20 for the purpose of assisting other customers; the base credit for
21 the next fiscal year for the applicant; the qualifying
22 contributions anticipated to be given in the next fiscal year; and
23 billing discounts anticipated to be given in the next fiscal
24 year. No credit under this section will be allowed to a light and
25 power business or gas distribution business that does not file the
26 application by July 1st.

27 (c) Not later than August 1st of each year beginning in 2002,
28 the department shall notify each applicant of the amount of credit
29 that may be taken in that fiscal year.

30 (d) The balance of base credits not used by other light and
31 power businesses and gas distribution businesses shall be ratably
32 distributed to applicants under the formula in subsection (1)(a)
33 of this section. The total amount of credit that may be taken by an
34 applicant is the base credit plus any ratable portion of unused
35 base credit.

36 (5) The credit taken under this section is limited to the
37 amount of tax imposed under this chapter for the fiscal year. The

1 credit must be claimed in the fiscal year in which the billing
2 reduction is made. Any unused credit expires. Refunds shall not be
3 given in place of credits.

4 (6) No credit may be taken for billing discounts made before
5 July 1, 2001. Within two weeks of the effective date of this
6 section, the department of community, trade, and economic
7 development shall notify the department of revenue in writing of
8 the grants received in fiscal year 2001 by each light and power
9 business and gas distribution business. Within four weeks of the
10 effective date of this section, the department of revenue shall
11 publish the base credit for each light and power business and gas
12 distribution business for fiscal year 2002. Within eight weeks of
13 the effective date of this section, application to the department
14 must be made showing the information required in subsection (4)(b)
15 of this section. Within twelve weeks of the effective date of this
16 section, the department shall notify each applicant of the amount
17 of credit that may be taken in fiscal year 2002.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16
19 RCW to read as follows:

20 (1) In computing tax imposed under this chapter, subject to the
21 limitations in this section, a credit may be taken by an eligible
22 light and power business or gas distribution business for the
23 purposes of providing energy assistance to low-income households.

24 (a) A light and power business or gas distribution business is
25 eligible under this section if, due to higher wholesale
26 electricity or natural or manufactured gas costs incurred within
27 six months of the effective date of this section or during the
28 twenty-four month period following the effective date of this
29 section, the business has raised its retail rates, through general
30 rate increases or surcharges, to residential customers effective
31 January 1, 2001, or later by no less than thirty percent in
32 aggregate.

33 (b) The credit provided under this section is equal to twenty-
34 five percent of the additional taxes owed for a reporting period
35 due solely to the residential rate increase as described in (a) of
36 this subsection.

37 (c) Credit may be taken under this section only if the business

1 uses the tax savings attributable to the credit for the purpose of
2 providing billing discounts or another means of assistance to low-
3 income households to lower costs of paying for electricity or
4 natural or manufactured gas.

5 (2)(a) The department, after consulting with the utilities and
6 transportation commission in the case of investor-owned utilities
7 and the governing bodies of locally regulated utilities, shall
8 determine the eligibility of and the application and reporting
9 requirements for individual utilities under this section.

10 (b) Credit under this section is limited to the amount of tax
11 imposed under this chapter. Refunds shall not be given in the place
12 of credits and credits may not be carried over to subsequent
13 calendar years.

14 (3) No credit may be taken under this section before July 1,
15 2001.

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