

SENATE BILL REPORT

HB 2644

As Reported By Senate Committee On:
Water, Energy & Environment, February 21, 2006
Ways & Means, February 24, 2006

Title: An act relating to temporarily increasing the statewide cap for the public utility tax credit provided by RCW 82.16.0497.

Brief Description: Increasing temporarily the statewide cap for the customer assistance public utility tax credit.

Sponsors: Representatives P. Sullivan, Crouse and Kilmer; by request of Department of Trade and Economic Development.

Brief History: Passed House: 2/10/06, 98-0.

Committee Activity: Water, Energy & Environment: 2/16/06, 2/21/06 [DP-WM].
Ways & Means: 2/24/06 [DP].

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Delvin, Fraser, Honeyford, Mulliken, Pridemore and Regala.

Staff: William Bridges (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller and Schoesler.

Staff: Terry Wilson (786-7433)

Background: Public Utility Tax (PUT). Gross income derived from the operation of public and privately owned utilities is subject to the PUT. The rates for natural gas and electric utilities are 3.852 percent and 3.873 percent, respectively.

Utilities Assist Low-Income Customers. Electric and natural gas utilities have programs to assist low-income households, such as financial grants to pay utility bills, subsidized weatherization services, and discounted rates. In fiscal year 2005, for example, utilities regulated by the Washington Utilities and Transportation Commission provided an average of \$288 in discounts or grants per eligible household. An eligible household is one that is qualified to receive funds under the Low Income Home Energy Assistance Program (LIHEAP).

PUT Credit for Low-Income Heating Assistance. To encourage electric and natural gas utilities to provide heating assistance to low-income customers, the Legislature enacted a PUT credit in 2001. To qualify for the credit, a utility must offer (1) billing discounts to customers or (2) contributions to LIHEAP contractors, which are 125 percent greater than the utility's discounts or contributions in 2000. The amount of the credit is generally equal to 50 percent of the discount or contribution given in a fiscal year. The maximum total credit available statewide each year is \$2.5 million.

Summary of Bill: For fiscal year 2007, the maximum total PUT credit available statewide is raised from \$2.5 million to \$8.5 million.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For (Water, Energy & Environment): Avista supports the bill because it will benefit the customers and communities it serves by augmenting funding for low-income energy assistance. The bill is part of the Governor's efforts to combat increased energy costs this winter and it addresses an unmet need; for example, during 2005, CTED's contractors could only serve 24 percent of households eligible to receive heating assistance.

Testimony Against (Water, Energy & Environment): None.

Who Testified (Water, Energy & Environment)d: PRO: Collins Sprague, Avista Corp.; Marie Sullivan, CTED.

Signed in, Unable to Testify & Submitted Written Testimony: Collins Sprague, Avista Corp.; Marie Sullivan, CTED.

Testimony For (Ways & Means from SB 6379): This is one of three approaches this session to help low-income households with their heating bills. This will increase the amount of billing discounts.

Testimony Against (Ways & Means from SB 6379): None.

Who Testified (Ways & Means from SB 6379): PRO: Will Graham, CTED.