

# HOUSE BILL REPORT

## SHB 2889

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### As Passed Legislature

**Title:** An act relating to utility tax disclosures.

**Brief Description:** Concerning utility tax disclosures.

**Sponsors:** House Committee on Local Government (originally sponsored by Representative Griffey).

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/4/20, 2/7/20 [DPS].

##### **Floor Activity:**

Passed House: 2/18/20, 97-1.

Senate Amended.

Passed Senate: 3/6/20, 48-0.

House Concurred.

Passed House: 3/9/20, 94-2.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Requires that any city or town that operates its own water, sewer or wastewater, or stormwater utility, and imposes a tax or fee on the operation of that utility, must disclose the tax or fee to its customers on its billing statements, a public website, or through other written or electronic communication made on an annual basis or within 30 days of the effective date of any rate change.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Pollet, Chair; Duerr, Vice Chair; Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Appleton, Goehner and Senn.

**Staff:** Kellen Wright (786-7134).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:**

Cities and towns may operate municipal utilities, including utilities providing water, sewage, and stormwater services.

Cities and towns may impose license or excise taxes on business activities, including the provision of services by utilities. These taxes may be imposed by a city or town on the operation of its own utility.

**Summary of Substitute Bill:**

Any city or town that operates its own water, sewer or wastewater, or stormwater utility, and imposes a tax or fee on the gross revenue of the utility, must disclose the tax or fee to its utility customers. This disclosure can occur on a regular billing statement (either electronic or paper); on the city or town's website, if written notice is provided to customers or taxpayers that this information is available; or through an insert, mailer, or other communication provided to customers or taxpayers either annually or within 30 days of any subsequent tax rate change.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Currently, public disclosure requests may be required to determine the taxes imposed on and by utilities. This information should be available, and this bill will result in full disclosure of the tax rate on utilities.

(Opposed) None.

(Other) Government is committed to transparency, and this information should be accessible. This bill, however, has potentially significant impacts on jurisdictions that would have to redesign their billing statements in order to accommodate the new requirements. These jurisdictions should be able to use alternative ways to send out the information, such as in mailings or via a website. This would help jurisdictions where sending the information in a billing statement would not be feasible or would be cost prohibitive. Showing the tax rate imposed on the utility can be confusing for taxpayers, as the tax isn't imposed on them.

**Persons Testifying:** (In support) Representative Griffey, prime sponsor.

(Other) Candice Bock, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.