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ENGROSSED SUBSTITUTE HOUSE BILL 2675

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State of Washington

58th Legislature

2004 Regular Session

By House Committee on Technology, Telecommunications & Energy  
(originally sponsored by Representatives McMorris, Morris, Bush and  
Crouse)

READ FIRST TIME 02/10/04.

1 AN ACT Relating to electric utility tax credits; amending RCW  
2 82.16.0491; creating a new section; and providing an effective date.

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

4 **Sec. 1.** RCW 82.16.0491 and 1999 c 311 s 402 are each amended to  
5 read as follows:

6 (1) The following definitions apply to this section:

7 (a) "Qualifying project" means a project designed to achieve job  
8 creation or business retention, to add or upgrade nonelectrical  
9 infrastructure, to add or upgrade health and safety facilities, to  
10 accomplish energy and water use efficiency improvements, including  
11 renewable energy development, or to add or upgrade emergency services  
12 in any designated qualifying rural area.

13 (b) "Qualifying rural area" means:

14 (i) A rural county, which on the date that a contribution is made  
15 to an electric utility rural economic development revolving fund is a  
16 county with a population density of less than one hundred persons per  
17 square mile as determined by the office of financial management (~~and~~  
18 ~~published each year by the department for the period July 1st to June~~  
19 ~~30th~~); or

1 (ii) Any geographic area in the state that receives electricity  
2 from a light and power business with twelve thousand or fewer customers  
3 (~~and with fewer than twenty six meters per mile of distribution line~~  
4 ~~as determined and published by the department of revenue effective July~~  
5 ~~1st of each year. The department shall use current data provided by~~  
6 ~~the electricity industry~~)).

7 (c) "Electric utility rural economic development revolving fund"  
8 means a fund devoted exclusively to funding qualifying projects in  
9 qualifying rural areas.

10 (d) "Local board" is a board of directors with at least, but not  
11 limited to, three members representing local businesses and community  
12 groups who have been appointed by the sponsoring electric utility to  
13 oversee and direct the activities of the electric utility rural  
14 economic development revolving fund.

15 (2) A light and power business (~~with fewer than twenty six active~~  
16 ~~meters per mile of distribution line in any geographic area in the~~  
17 ~~state~~)) shall be allowed a credit against taxes due under this chapter  
18 in an amount equal to fifty percent of contributions made in any  
19 (~~calendar~~) fiscal year directly to an electric utility rural economic  
20 development revolving fund. The credit shall be taken in a form and  
21 manner as required by the department. The credit under this section  
22 shall not exceed twenty-five thousand dollars per (~~calendar~~) fiscal  
23 year per light and power business. The credit may not exceed the tax  
24 that would otherwise be due under this chapter. Refunds shall not be  
25 granted in the place of credits. Expenditures not used to earn a  
26 credit in one (~~calendar~~) fiscal year may not be used to earn a credit  
27 in subsequent years, except that this limitation does not apply to  
28 expenditures made between January 1, 2004, and March 31, 2004, which  
29 expenditures may be used to earn a credit through December 30, 2004.

30 (3) The right to earn tax credits under this section expires  
31 (~~December 31, 2005~~) June 30, 2011.

32 (4) To qualify for the credit in subsection (2) of this section,  
33 the light and power business shall establish an electric utility rural  
34 economic development revolving fund which is governed by a local board  
35 whose members shall reside or work in the qualifying rural area served  
36 by the light and power business. The local board shall have authority  
37 to determine all criteria and conditions for the expenditure of funds

1 from the electric utility rural economic development (~~(revolving)~~)  
2 revolving fund, and for the terms and conditions of repayment.

3 (5) Any funds repaid to the electric utility rural economic  
4 development (~~(revolving)~~) revolving fund by recipients shall be made  
5 available for additional qualifying projects.

6 (6) If at any time the electric utility rural economic development  
7 (~~(revolving)~~) revolving fund is dissolved, any moneys claimed as a  
8 tax credit under this section shall either be granted to a qualifying  
9 project or refunded to the state within two years of termination.

10 (7) The total amount of credits that may be used in any fiscal year  
11 shall not exceed three hundred fifty thousand dollars in any fiscal  
12 year. The department shall allow the use of earned credits on a first-  
13 come, first-served basis. Unused earned credits may be carried over to  
14 subsequent years.

15 (8) The following provisions apply to expenditures under subsection  
16 (2) of this section made between January 1, 2004, and March 31, 2004:

17 (a) Credits earned from such expenditures are not considered in  
18 computing the statewide limitation set forth in subsection (7) of this  
19 section for the period July 1, 2004, through December 31, 2004; and

20 (b) For the fiscal year ending June 30, 2005, the credit allowed  
21 under this section for light and power businesses making expenditures  
22 is limited to thirty-seven thousand five hundred dollars.

23 NEW SECTION. Sec. 2. (1) The legislature finds that  
24 accountability and effectiveness are important aspects of setting tax  
25 policy. In order to make policy choices regarding the best use of  
26 limited state resources the legislature needs information to evaluate  
27 whether the stated goals of legislation were achieved.

28 (2) The goal of the tax credit available to light and power  
29 businesses for contributing to an electric utility rural economic  
30 development revolving fund in section 1 of this act is to support  
31 qualifying projects that create or retain jobs, add or upgrade health  
32 and safety facilities, facilitate energy and water conservation, or  
33 develop renewable sources of energy in a qualified area. The goal of  
34 this tax credit is achieved when the investment of the revolving funds  
35 established under section 1 of this act have generated capital  
36 investment in an amount of four million seven hundred fifty thousand

1 dollars or more within a five-year period.

2 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2004.

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