

---

**SUBSTITUTE SENATE BILL 6297**

---

**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** Senate Committee on Economic Development (originally sponsored by Senators Morton, T. Sheldon and Hale)

READ FIRST TIME 02/02/04.

1 AN ACT Relating to electric utility tax credits; amending RCW  
2 82.16.0491; 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 (i) a board of directors with at least, but  
11 not limited to, three members representing local businesses and  
12 community groups who have been appointed by the sponsoring electric  
13 utility to oversee and direct the activities of the electric utility  
14 rural economic development revolving fund; or (ii) a board of directors  
15 of an existing associate development organization serving the  
16 qualifying rural area who have been designated by the sponsoring  
17 electrical utility to oversee and direct the activities of the electric  
18 utility rural economic development revolving fund.

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

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

36 (4) To qualify for the credit in subsection (2) of this section,  
37 the light and power business shall establish, or have a local board  
38 establish with the business's contribution, an electric utility rural

1 economic development revolving fund which is governed by a local board  
2 whose members shall reside in the qualifying rural area served by the  
3 light and power business. Expenditures from the electric utility rural  
4 economic development revolving fund shall be made solely on qualifying  
5 projects, and the local board shall have authority to determine all  
6 criteria and conditions for the expenditure of funds from the electric  
7 utility rural economic development (~~{revolving}~~) revolving fund, and  
8 for the terms and conditions of repayment.

9 (5) Any funds repaid to the electric utility rural economic  
10 development (~~{revolving}~~) revolving fund by recipients shall be made  
11 available for additional qualifying projects.

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

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

21 (8) The following provisions apply to expenditures made under  
22 subsection (2) of this section between January 1, 2004, and March 31,  
23 2004:

24 (a) Credits earned from these expenditures are not considered in  
25 computing the statewide limitation in subsection (7) of this section  
26 for the period July 1, 2004, through December 31, 2004; and

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

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

--- END ---