

SENATE BILL REPORT

SB 6482

As Reported By Senate Committee On:
Water, Energy & Environment, January 31, 2006

Title: An act relating to funding for energy assistance.

Brief Description: Providing funds for energy assistance.

Sponsors: Senators Honeyford, Mulliken, Schoesler, Finkbeiner, Esser and Delvin.

Brief History:

Committee Activity: Water, Energy & Environment: 1/24/06, 1/31/06 [DPS-WM].

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: That Substitute Senate Bill No. 6482 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: William Bridges (786-7424)

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

Use Tax on Brokered Natural Gas. Natural gas that is consumed within the state is subject to the use tax on brokered natural gas if the supplier was not subject to the state PUT. The rate is 3.852 percent.

Summary of Substitute Bill: Creating the Energy Assistance Account. The account is created in the State Treasury and administered by the Director of the Department of Community, Trade and Economic Development. The Director must distribute any money as follows:

- 50 percent to the grantees or charitable organizations that administer federally-funded energy assistance programs for the state. Expenditures are limited to fixed-income elderly or low-income individuals.
- 50 percent to the Department of Agriculture for grants to the assist with the development of customer-generated renewable energy systems utilizing anaerobic digesters.

Funding the Energy Assistance Account. Beginning January 1, 2006, and every calendar year thereafter, revenue collected from the electric and natural gas portions of the PUT that exceed 105 percent of the 2004 collections must be deposited in the energy assistance account. The same conditions apply to the use tax on brokered natural gas.

Capping Portions of the PUT and the Use Tax on Brokered Natural Gas. Beginning January 1, 2006, and every calendar year thereafter, the Department of Revenue (DOR) must discontinue the collection of the electric and natural gas portions of the PUT if revenue from the taxes exceed 150 percent of the 2004 collections. The same conditions apply to the use tax on brokered natural gas.

DOR may adopt rules to administer the funding and capping mechanisms.

Substitute Bill Compared to Original Bill: Requires the director of CTED to transfer 50 percent of the funds in the energy assistance account to the Department of Agriculture for grants to assist with the development of customer-generated renewable energy systems using anaerobic digesters.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill will provide a permanent source of funding to help seniors and to promote anaerobic digesters.

Testimony Against: None.

Who Testified: PRO: Sen. Honeyford, prime sponsor.