
HOUSE BILL 1227

State of Washington 59th Legislature 2005 Regular Session

By Representatives Morrell, Strow and Bailey

Read first time 01/18/2005. Referred to Committee on Finance.

1 AN ACT Relating to excise tax exemptions for water services
2 provided by small water systems; adding a new section to chapter 82.04
3 RCW; adding a new section to chapter 82.16 RCW; adding a new section to
4 chapter 82.32 RCW; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) This chapter does not apply to amounts received for water
9 services supplied by a public utility district established under Title
10 54 RCW, a water-sewer district established under Title 57 RCW, or an
11 irrigation district established under Title 87 RCW that:

- 12 (a) Has less than one thousand five hundred connections; and
13 (b) Charges residential water rates that exceed one hundred twenty-
14 five percent of the statewide average residential water rate published
15 on or before July 1st of each year by the department of health.

16 (2) This chapter does not apply to amounts received for water
17 services supplied by a water system that:

- 18 (a) Is operated or owned by a qualified satellite management agency
19 under RCW 70.116.134;

1 (b) Has less than two hundred connections; and

2 (c) Charges residential water rates that exceed one hundred twenty-
3 five percent of the statewide average residential water rate published
4 on or before July 1st of each year by the department of health.

5 (3) To receive an exemption under this section, the water system or
6 irrigation district shall supply to the department of revenue proof
7 that an amount equal to at least ninety percent of the value of the
8 exemption shall be expended to repair, equip, maintain, and upgrade the
9 water system.

10 (4) The department of health may use rate information provided in
11 surveys and reports produced by the association of Washington cities,
12 an association of elected officials, or other municipal association to
13 estimate a statewide average residential water rate.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
15 to read as follows:

16 (1) This chapter does not apply to amounts received for water
17 services supplied by a public utility district under Title 54 RCW, a
18 water-sewer district established under Title 57 RCW, or an irrigation
19 district established under Title 87 RCW that:

20 (a) Has less than one thousand five hundred connections; and

21 (b) Charges residential water rates that exceed one hundred twenty-
22 five percent of the statewide average residential water rate published
23 on or before July 1st of each year by the department of health.

24 (2) This chapter does not apply to amounts received for water
25 services supplied by a water system that:

26 (a) Is operated or owned by a qualified satellite management agency
27 under RCW 70.116.134;

28 (b) Has less than two hundred connections; and

29 (c) Charges residential water rates that exceed one hundred twenty-
30 five percent of the statewide average residential water rate.

31 (3) To receive an exemption under this section, the water system or
32 irrigation district shall supply to the department of revenue proof
33 that an amount equal to at least ninety percent of the value of the
34 exemption shall be expended to repair, equip, maintain, and upgrade the
35 water system.

36 (4) For the purposes of this section, "statewide average

1 residential water rate" means the statewide average residential water
2 rate published under section 1 of this act.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.32 RCW
4 to read as follows:

5 The legislature finds that accountability and effectiveness are
6 important aspects of setting tax policy. In order to make policy
7 choices regarding the best use of limited state resources, the
8 legislature needs information to evaluate whether the stated goals of
9 legislation were achieved.

10 (1) The goals of the small public water system excise tax
11 exemptions are:

12 (a) To provide assistance to small public water systems, that are
13 most in need, to make necessary and immediate repairs to their
14 infrastructural needs; and

15 (b) To allow these small systems to comply with state and federal
16 mandates necessary for safe drinking water for citizens served by these
17 systems.

18 (2)(a) A person who receives the benefit of a tax exemption under
19 section 1 or 2 of this act shall make an annual report to the
20 department detailing the specific capital improvements that were made
21 to their respective systems by utilizing the money made available by
22 these exemptions. The report is due by March 31st following any year
23 in which a tax exemption under section 1 or 2 of this act is claimed or
24 used. Information in a report under this section is not subject to the
25 confidentiality provisions of RCW 82.32.330 and may be disclosed to the
26 public upon request.

27 (b) If a person fails to submit an annual report under (a) of this
28 subsection by the due date of the report, the department shall declare
29 the amount of taxes exempted for that year to be immediately due and
30 payable. Public utility taxes payable under this subsection are
31 subject to interest but not penalties, as provided under this chapter.
32 This information is not subject to the confidentiality provisions of
33 RCW 83.32.330 and may be disclosed to the public upon request.

34 (3) By December 1, 2010, the fiscal committees of the house of
35 representatives and the senate, in consultation with the department,
36 shall report to the legislature on the effectiveness of the tax
37 exemptions under sections 1 and 2 of this act.

1 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 immediately.

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