
**Technology, Energy &
Communications Committee**

ESB 5599

Brief Description: Modifying provisions related to the distribution of tax proceeds from thermal electric generating facilities.

Sponsors: Senators Schoesler, Poulsen and Morton.

Brief Summary of Engrossed Bill

- Extends the privilege tax revenue distribution area for the Columbia Generating Station to areas north of the southern boundary of Township 15.

Hearing Date: 2/20/08

Staff: Scott Richards (786-7156).

Background:

Public utility districts (PUDs) pay a privilege tax in lieu of a tax on property. The privilege tax applies to electric generating facilities of PUDs for the privilege of operating. The privilege tax is measured by gross income derived from the sale of electric energy, the number of kilowatt hours of self-generated energy which is either distributed to consumers or resold to other utilities, and the wholesale value of energy produced in thermal plants.

In 1977 the Legislature applied a privilege tax to the nuclear power plant at Hanford, now called the Columbia Generating Station. The current rate is 1.605 percent of the wholesale value of the energy produced for sale or use. A portion of the tax revenues, about \$1.2 million in 2006, is annually distributed to city and county governments, library districts, and fire protection districts within a 35-mile radius of the most commonly used entrance of the Hanford Reservation, less the area north of the southern Township 15 boundary. This 35-mile radius is referred to as the thermal electric generating facility impacted area (impacted area).

Privilege tax revenues from the Columbia Generating Station are distributed in the following manner:

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.

- 50 percent is distributed to the State General Fund for public schools; and
- 50 percent is distributed to local taxing districts based on their population to the total population within the impacted area. The 50 percent share for local taxing districts within the impact area is divided among the following districts:
 - 22 percent to counties;
 - 23 percent to cities;
 - 3 percent to fire districts; and
 - 2 percent to certain library districts.

Summary of Bill:

The revenue distribution area for the Columbia Generating Station privilege tax is extended to the modified impacted areas north of the southern boundary of Township 15, but only when the revenues exceed the collections for fiscal year 2008.

The term "modified impacted area" for a thermal electric generating facility on a federal reservation means that area in the state lying within 35 statute miles of the most commonly used entrance of the federal reservation.

Appropriation: None.

Fiscal Note: Available.

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