6034-S.E AMH MORR SMIL 127

**ESSB 6034** - H AMD TO TED COMM AMD (H-4883.1/18) **1354**

By Representative Morris

**ADOPTED 03/02/2018**

On page 2, line 6 of the striking amendment, after "section." insert "The authority provided in this subsection expires five years after the effective date of this act for any public utility district that has not begun providing retail internet service within that time period."

On page 3, line 24 of the striking amendment, after "subsection" strike "(8)" and insert "(9)"

On page 4, line 11 of the striking amendment, after "subsection" strike "(8)" and insert "(9)"

On page 4, beginning on line 26 of the striking amendment, after "area" strike "who may apply therefor and be reasonably entitled thereto" and insert "meeting the provisions of subsections (2) and (4) of this section"

On page 4, line 28 of the striking amendment, after "as" strike "demanded" and insert "requested"

On page 5, beginning on line 1 of the striking amendment, strike all of sections 3 through 10 and insert the following:

"NEW SECTION. **Sec. 3.**  A new section is added to chapter 54.16 RCW to read as follows:

(1) Property owned by a public utility district that is exempt from property tax under RCW 84.36.010 is subject to an annual payment in lieu of property taxes if the property consists of a broadband network used in providing retail internet service.

(2)(a) The amount of the payment must be determined jointly and in good faith negotiation between the public utility district that owns the property and the county or counties in which the property is located.

(b) The amount agreed upon may not exceed the property tax amount that would be owed on the property comprising the broadband network used in providing retail internet service as calculated by the department of revenue. The public utility district must provide information necessary for the department of revenue to make the required valuation under this subsection. The department of revenue must provide the amount of property tax that would be owed on the property to the county or counties in which the broadband network is located on an annual basis.

(c) If the public utility district and a county cannot agree on the amount of the payment in lieu of taxes, either party may invoke binding arbitration by providing written notice to the other party. In the event that the amount of payment in lieu of taxes is submitted to binding arbitration, the arbitrators must consider the government services available to the public utility district's broadband network used in providing retail internet service. The public utility district and county must each select one arbitrator, the two of whom must pick a third arbitrator. Costs of the arbitration, including compensation for the arbitrators' services, must be borne equally by the parties participating in the arbitration.

(3) By April 30th of each year, a public utility district must remit the annual payment to the county treasurer of each county in which the public utility district's broadband network used in providing retail internet service is located in a form and manner required by the county treasurer.

(4) The county must distribute the amounts received under this section to all property taxing districts, including the state, in appropriate tax code areas in the same proportion as it would distribute property taxes from taxable property.

(5) By December 1, 2019, and annually thereafter, the department of revenue must submit a report to the appropriate legislative committees detailing the amount of payments made under this section and the amount of property tax that would be owed on the property comprising the broadband network used in providing retail internet service.

(6) The definitions in section 1 of this act apply to this section."

|  |  |
| --- | --- |
|  | EFFECT:   Expires the authority provided for any public utility district that does not begin providing retail internet service within 5 years of the effective date of the act. Corrects two internal references. Modifies the service upon demand requirement to apply to persons and entities within the geographical area meeting certain conditions. Removes the sections imposing a privilege tax on PUD sales of retail Internet service. Subjects PUD broadband network property used for retail internet service to annual payments in lieu of property taxes. Requires the Department of Revenue to submit annual reports to the Legislature on payments made under the provisions and the amount of property tax that would be owed on the broadband network used in providing retail internet service. |

**--- END ---**