
HOUSE BILL 1330

State of Washington

65th Legislature

2017 Regular Session

By Representatives Manweller, Tarleton, Fey, and Young

Read first time 01/17/17. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to extending the business and occupation tax
2 exemption for amounts received as credits against contracts with or
3 funds provided by the Bonneville power administration and used for
4 low-income ratepayer assistance; amending RCW 82.04.310; creating a
5 new section; providing an effective date; providing an expiration
6 date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** This section is the tax preference
9 performance statement for the tax preference contained in section 2
10 of this act. This performance statement is only intended to be used
11 for subsequent evaluation of the tax preference. It is not intended
12 to create a private right of action by any party or be used to
13 determine eligibility for preferential tax treatment.

14 (1) The legislature categorizes this tax preference as one
15 intended to induce certain designated behavior by taxpayers, as
16 indicated in RCW 82.32.808(2)(a), and also to create low-income
17 ratepayer tax and utility rate relief under RCW 82.32.808(2)(e).

18 (2) It is the legislature's specific public policy objective to
19 increase investment in energy efficiency and conservation programs,
20 and to support efforts by utilities to acquire all cost-effective
21 energy conservation as required under state law. To support this

1 objective, it is the legislature's intent to make permanent the
2 exemption from business and occupation tax amounts received by
3 utilities in the form of credits against power contracts or received
4 from the Bonneville power administration for energy conservation
5 purposes, if such funds are used by utilities for low-income
6 ratepayer assistance programs. This exemption will induce utilities
7 to invest funds in energy conservation and efficiency programs,
8 thereby reducing the amount of electric energy that such utilities
9 must either generate or purchase, thereby reducing energy costs to
10 utilities and customers. Further, state laws mandating utilities to
11 acquire energy through both energy conservation and the purchase of
12 eligible renewable resources can increase the cost of energy to
13 ratepayers. Therefore, this exemption from the business and
14 occupation tax applies only to the extent credits or refunds from the
15 Bonneville power administration are used by a utility for low-income
16 ratepayer assistance.

17 **Sec. 2.** RCW 82.04.310 and 2014 c 216 s 302 are each amended to
18 read as follows:

19 (1) This chapter does not apply to any person in respect to a
20 business activity with respect to which tax liability is specifically
21 imposed under the provisions of chapter 82.16 RCW including amounts
22 derived from activities for which a deduction is allowed under RCW
23 82.16.050. The exemption in this subsection does not apply to sales
24 of natural gas, including compressed natural gas and liquefied
25 natural gas, by a gas distribution business, if such sales are exempt
26 from the tax imposed under chapter 82.16 RCW as provided in RCW
27 82.16.310.

28 (2) This chapter does not apply to amounts received by any person
29 for the sale of electrical energy for resale within or outside the
30 state.

31 (3)(a) This chapter does not apply to amounts received by any
32 person for the sale of natural or manufactured gas in a calendar year
33 if that person sells within the United States a total amount of
34 natural or manufactured gas in that calendar year that is no more
35 than twenty percent of the amount of natural or manufactured gas that
36 it consumes within the United States in the same calendar year.

37 (b) For purposes of determining whether a person has sold within
38 the United States a total amount of natural or manufactured gas in a
39 calendar year that is no more than twenty percent of the amount of

1 natural or manufactured gas that it consumes within the United States
2 in the same calendar year, the following transfers of gas are not
3 considered to be the sale of natural or manufactured gas:

4 (i) The transfer of any natural or manufactured gas as a result
5 of the acquisition of another business, through merger or otherwise;
6 or

7 (ii) The transfer of any natural or manufactured gas accomplished
8 solely to comply with federal regulatory requirements imposed on the
9 pipeline transportation of such gas when it is shipped by a third-
10 party manager of a person's pipeline transportation.

11 (4) This chapter does not apply to amounts received by any person
12 in the form of credits against power contracts with the Bonneville
13 power administration, or funds provided by the Bonneville power
14 administration, for the purpose of implementing energy conservation
15 programs or demand-side management programs, so long as such amounts
16 are used for purposes of low-income ratepayer assistance.

17 (5) This section expires January 1, 2028.

18 NEW SECTION. Sec. 3. This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of
20 the state government and its existing public institutions, and takes
21 effect July 1, 2017.

--- END ---