
Finance Committee

HB 1913

Brief Description: Repealing the public utility tax credit for home energy assistance.

Sponsors: Representative Berg.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Repeals the public utility tax credit for home energy assistance.

Hearing Date: 2/20/25

Staff: Tracey Taylor (786-7152).

Background:

Public Utility Tax.

The gross income derived from the operation of publicly and privately owned utilities is subject to the public utility tax (PUT), unless otherwise exempt. The tax is imposed in lieu of business and operations (B&O) tax and is applied only on sales to consumers. Other income of the utility, such as retail sale of tangible personal property, is subject to the B&O tax. There are six different PUT rates, depending on the specific utility activity. The rates are:

- 3.852 percent on telegraph companies, distribution of natural gas, and the collection of sewage;
- 3.8734 percent on the generation or distribution of electrical power;
- 0.642 percent on urban transportation and watercraft vessels under 65 feet in length;
- 1.926 percent on motor transportation, railroads, railroad car companies, and all other public service businesses;
- 5.029 percent on the distribution of water; and
- 1.3696 percent on log transportation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

A taxpayer who engages in one or more businesses subject to the PUT is fully exempt from the tax if their total gross income is \$2,000 or less per a month. Any taxpayer that has a total gross income greater than \$2,000 per month does not receive an exemption or deduction under this provision.

A business does not have to file an excise tax return for the PUT if the business does not owe other taxes or fees to the DOR and has annual gross proceeds of less than \$24,000.

Public Utility Tax Credit for Home Energy Assistance.

Electric and gas utilities can request a PUT credit for up to 50 percent of the energy assistance they give to low-income customers.

Energy assistance includes discounted energy bills for low-income households and contributions to community action agencies (CAAs). CAAs take customer applications, review eligibility, and distribute funds to utilities to reduce the energy bills of the eligible customers.

The statewide annual cap for credit is \$2.5 million and is allocated amongst 60 utilities based on a formula in proportion to the utility's share of federal Low-Income Home Energy Assistance Program (LIHEAP) energy assistance grants it receives.

The LIHEAP provides home energy assistance to low-income households. It is a federal block grant program, administered through the Washington Department of Commerce, who distributes the funds through CAAs.

Summary of Bill:

The PUT credit for home energy assistance is repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2026.