

Technology, Telecommunications & Energy

HB 1443

Brief Description: Authorizing public utility tax credits for home energy assistance programs for low-income households.

Sponsors: Representatives Wood, Crouse, Poulsen, Ogden, Edmonds, Linville, Kagi, Van Luven, Hatfield, Kenney, Cooper, O'Brien, Conway, Lovick, Roach, Bush, Morell, Veloria, Berkey, Miloscia, McIntire, Esser, Rockefeller, McDermott and Kessler.

Brief Summary of Bill

- *Provides a credit against the Public Utility Tax (PUT) for utilities that offer new billing discounts to low-income customers beginning July 1, 2001.*
- *Establishes a limit of \$2.5 million for all utilities and establishes a limit of available credit for each utility based on a formula.*

Hearing Date: 2/2/01

Staff: Pam Madson (786-7166).

Background:

Assistance to low-income energy customers is provided through a federal block-grant program that allocates funds to the states. The program, known as LIHEAP (Low-Income Home Energy Assistance Program), is administered by the Department of Community, Trade, and Economic Development (DCTED).

LIHEAP grants are distributed to qualifying households through a service network of nonprofit community organizations (24) and local governments (3). The grants are used to pay a portion of winter heating costs for low-income customers. Qualifying customers are those who are at or below 125 percent of the federal poverty level. A portion of the federal grant (15 percent) is available for weatherization programs.

Federal funds budgeted for the LIHEAP program, excluding any emergency funds

provided, have ranged from a high in the mid 1980's of over \$40 million to a low in the last few years of around \$20 million. In the wake of rising energy costs for natural gas and electricity, the budgeted amount for 2001 increased to \$28.1 million. The federal program has emergency funds that can be distributed to states. Washington has received \$11 million in emergency funds for this winter heating season.

Some utilities offer reduced rates or discounted charges to low-income customers. Seattle City Light, Snohomish Public Utility District (PUD), and Tacoma Power are some of the larger utilities to offer reduced rates or charges. Pacific Power and Light recently obtained approval from the Washington Utilities and Transportation Commission to initiate a pilot project to offer assistance to low income households.

Public and privately-owned utilities, and certain other businesses, are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. For gas distribution businesses, the applicable tax rate, including permanent surtaxes, is 3.852 percent; for light and power businesses, the rate is 3.873 percent. Revenues are deposited to the state general fund.

Summary of Bill:

A credit is available against the public utility tax due from gas and electric utilities for billing discounts offered to qualifying low-income customers. A utility may begin using the credit in fiscal year 2002 (begins July 1, 2001) based on billing discounts provided after July 1, 2001.

To qualify for the credit, amount of billing discounts must be at least 125 percent greater than discounts given by the utility in 2000. The utility must apply for the credit each year by July 1, and the credit is available for the fiscal year beginning July 1. Any credit that is not used in a fiscal year lapses for that utility and may be reapportioned to other qualifying utilities.

The amount of the credit for each utility is equal to one-half the discount given to its low-income customers in a fiscal year. A low-income customer is one who qualifies for a grant under the federal Low-Income Home Energy Assistance Program.

The maximum total credit available state-wide each year is \$2.5 million. Each utility is also limited to a maximum credit amount based on its proportional share of energy assistance grants received by its low-income customers. The total credit available to a utility is its maximum available credit plus any portion of unused credits that are reapportioned to it.

The determination of each gas and electric utility's available credit is determined and published by June 1 of each year. The utility must apply for the credit by July 1, and by August 1, each utility that applies for the credit is notified of its total available credit that may be used in that fiscal year.

Effective Date: *Ninety days after adjournment of session in which bill is passed.*

Appropriation: None.

Fiscal Note: Available.