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HOUSE BILL 1330

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Manweller and Tarleton

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.

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