

Multiple Agency Fiscal Note Summary

Bill Number: 5540SSB

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

Estimated Cash Receipts

Agency Name	2001-03		2003-05		2005-07	
	GF-State	Total	GF-State	Total	GF-State	Total
Department of Revenue	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Total:	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)

Local Gov. Courts*						
Local Gov. Other**						
Local Gov. Total						

Estimated Expenditures

Agency Name	2001-03			2003-05			2005-07		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Community, Trade, and Economic Development	Fiscal note not available								
Department of Revenue	.5	75,600	75,600	.3	35,400	35,400	.3	35,400	35,400
Total:	0.5	\$75,600	\$75,600	0.3	\$35,400	\$35,400	0.3	\$35,400	\$35,400

Local Gov. Courts*									
Local Gov. Other**									
Local Gov. Total									

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Prepared by: Tristan Wise, QFM

Phone:
360-902-0546

Date Published:
Preliminary 3/23/2001

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Department of Revenue Fiscal Note

Bill Number: 5540SSB	Title: Authorizing public utility tax credits for home energy assistance programs for low-income households.	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Fund	FY2002	FY2003	2001-03	2003-05	2005-07
GF-STATE-State 01-Taxes35-Public Utilities Tax	(2,500,000)	(2,500,000)	(5,000,000)	(5,000,000)	(5,000,000)
Total	(2,500,000)	(2,500,000)	(5,000,000)	(5,000,000)	(5,000,000)

Estimated Expenditures from:

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	0.7	0.3	0.5	0.3	0.3
Fund					
GF-STATE-State 001-1	57,900	17,700	75,600	35,400	35,400
Total	57,900	17,700	75,600	35,400	35,400

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternative ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rulemaking, complete Part V.

Legislative Contact:	Phone:	Date: 03/16/2001
Agency Preparation: Ray Philen	Phone: 570-6078	Date: 03/20/2001
Agency Approval: Don Taylor	Phone: 360-570-6083	Date: 03/20/2001
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 03/20/2001

PartII:NarrativeExplanation

II.A-BriefDescriptionOfWhatTheMeasureDoesThatHasFiscalImpact

Brieflydescribe,bysectionnumber,thesignificantprovisionsofthebill,andanyrelatedworkloadorpolicyassumptions,thathaverevenueor expenditureimpactontherespondingagency.

NOTE:ChangesfromSB5540:theterms"qualifyingcontribution"and"qualifyingorganization"aredefined.

Section1providesapublicutilitytaxcredittolightandpowerbusinessesandgasdistributionbusinessesforbilling discountsataareequaltoorgreaterthan125%ofthediscountsgiveninfiscalyear2000.Theamountofthecreditis equalto50%ofthebillingdiscount.

"Billingdiscounts"aredefinedasareductionmadeintheamountchargedforprovidingservicetopersonsthatqualifyfor low-incomeenergyassistancegrants.

"Grants"aredefinedasfundsprovidedbytheDepartmentofCommunity,Trade,andEconomicDevelopmentfromthe lowincomehomeenergyassistanceprogram42U.S.C.Sec8623etseq.

"Qualifyingcontribution"meansmoneygivenbyalightandpowerbusinessoragasdistributionbusinesstoaaqualifying organization,exclusiveofmoneyreceivedinthepriorfiscalyearfromitscustomersforthepurposeofassistingother customers.

"Qualifyingorganization"meansanentitythathasacontractualagreementwiththeDepartmentofCommunity,Trade, andEconomicDevelopmenttoadministerlow-incomehomeenergyassistancefundsreceivedfromthefederal governmentandsuchotherfundsthatmaybereceivedbytheentityinaspecificarea.

Thetotalamountofcreditthatmaybetakeninanyfiscalyearislimitedto\$2.5million.Thecredittakenbyaparticular firmislimitedtotheamountofpublicutilitytax;anyunusedcreditexpires.

Section4(d)ofthebillrequiresthatanyunusedcreditsberatablydistributedtoapplicantsundertheformulainsubsection (1)(a).Thisensuresthatalloftheavailable\$2.5millioncreditamountwillbetaken.

II.B-CashreceiptsImpact

Brieflydescribeandquantifythecashreceiptsimpactofthelegislationontherespondingagency,identifyingthecashreceiptsprovisionsbysection numberandwhenappropriatehethedetailoftherevenuesources.Brieflydescribethefactualbasisoftheassumptionsandthemethodbywhichthe cashreceiptsimpactisderived.Explainhowworkloadassumptionstranslateintoestimates.Distinguishbetweenonetimeandongoingfunctions.

ASSUMPTIONS/DATASOURCES

DatafromlightandpowercompanyfinancialstatementsandDCTEDstaffreports.

AUDITASSESSMENTS(Impactresultingfromrecentauditactivity)

Thislegislationdoesnotresultfromauditassessments.

CURRENTLYREPORTINGTAXPAYERS(Impactfortaxpayerswhoareknownoreestimatedtobecurrentlypayingthe taxinquestion)

Lightandpowerbusinesses(L&P)currentlygivebillingdiscountstocustomersthatamounttobetween\$7millionand\$8 million.TwelveL&Psgivebillingdiscountstotheircustomers.NearlyallL&Psandgasdistributionbusinessreceive LowIncomeHomeEnergyAssistanceProgram(LIHEAP)fundsthroughtheDept.ofCommunity,Trade,andEconomic Development(DCTED)ororganizationsthatcontractwithDCTED.

Oftheapproximately95L&Psandgasdistributionbusinessonlythosethatofferbillingdiscountstotheircustomerswill beeligiblefortheutilitytaxcreditproposedinthisbill.

Because Section 4(d) of the bill requires that all of the \$2.5 million available credit be distributed, the impact to state general fund revenues will be a loss of \$2.5 million annually.

TAXPAYERS NOT CURRENTLY REPORTING (Although some taxpayers may not now be paying the tax in question, some of them will become aware of their liability in the future, as a result of normal enforcement activities or education programs by the Department. The impact for such taxpayers is based on the Department's studies of average tax compliance)

All taxpayers affected by this legislation are believed to be reporting correctly.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY2002	-	\$(2,500)
FY2003	-	(2,500)
FY2004	-	(2,500)
FY2005	-	(2,500)
FY2006	-	(2,500)
FY2007	-	(2,500)

Local Government, if applicable (cash basis, \$000): None.

II.C-Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provision of the legislation that results in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumption translates into cost estimates. Distinguish between one-time and ongoing functions.

The Department will incur costs to implement this legislation in the first year of \$9,700 to amend one rule, \$28,100 in computer programming costs to compute and monitor the capped credit, and \$20,100 in administration costs to initiate the application process and individual taxpayer monitoring system for a total of \$57,900. In each year thereafter the Department will need .3 FTE at a cost of \$17,700 to administer this program. The Department will need an appropriation to fully implement this legislation.

Part III: Expenditure Detail

III.A-Expenditures By Object Or Purpose

	FY2002	FY2003	2001-03	2003-05	2005-07
FTE Staff Years	0.7	0.3	0.5	0.3	0.3
A-	35,000	12,600	47,600	25,200	25,200
B-	9,100	3,300	12,400	6,600	6,600
E-	8,100	1,800	9,900	3,600	3,600
J-	5,700		5,700		
Total:	57,900	17,700	75,600	35,400	35,400

III.B-FTEDetail: *ListFTEsbyclassificationandcorrespondingannualcompensation.TotalsneedtoagreewithtotalFTEsinPartI andPartIIIA.*

JobClassification	Salary	FY2002	FY2003	2001-03	2003-05	2005-07
EXCISE TAX EXAMINER3	42,120	0.3	0.3	0.3	0.3	.3
HEARING S SCHEDULER	30,043	0.0				
INFOTECH APPS SPEC4	52,611	0.4		0.2		
Rules Manager	62,640	0.0				
RULES POLICY SPECIALIST	60,800	0.0				
TAX POLICY SPEC2	51,324	0.0				
TAX POLICY SPECIALIST3	58,071	0.1				
Total		0.7	0.3	0.5	0.3	.3

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provision of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

WAC 458-20-179 need to be amended. Interested parties include utilities and public interest groups.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5540SSB	Title: Authorizing public utility tax credits for home energy assistance programs for low-income households.
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Part I: Jurisdiction- Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdiction only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

Part III: Preparation and Approval

Fiscal Note Analyst: John Lindberg	Phone: (360) 725-5038	Date: 03/17/2001
Leg. Committee Contact:	Phone:	Date: 03/16/2001
Agency Approval: Val Richey	Phone: 360-725-5036	Date: 03/19/2001
OFM Review: Linda Swanson	Phone: 360-902-0541	Date: 03/21/2001

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill authorizes public utility tax credits for home energy assistance programs for low-income households.

Substitute Bill Compared to Original Bill—

The substitute allows credit for contributions made by utilities directly to qualifying community-based energy assistance programs, in addition to credit for billing discounts. It also clarifies that utilities may receive credit for starting new programs, not just expanding existing ones.

There is no change in fiscal impact to local governments from this substitute bill relative to the original bill.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

None

ASSUMPTIONS/DATA: Not Applicable

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

None

ASSUMPTIONS/DATA:

Not Applicable

LGFNSB 5540 Fiscal Note

Department of Revenue's SB 5540 Fiscal Note