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**Technology, Energy & Communications  
Committee**

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**HB 1855**

**Brief Description:** Modifying the disclosure of tax information on customer billings.

**Sponsors:** Representatives Anderson, Morris, Crouse and Hudgins.

**Brief Summary of Bill**

- Requires certain utility businesses in the state with over 5,000 customers to provide tax information as part of its customer billing.
- Allows businesses that are required to report tax information as part of their customer billing to claim a business and occupation tax credit or public utility tax credit for the costs associated with modifying their billing systems.

**Hearing Date:** 1/21/10

**Staff:** Kara Durbin (786-7133).

**Background:**

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business.

The Public Utility Tax (PUT) is a tax on public service businesses, including businesses that engage in transportation, communications, and the supply of electricity, natural gas, and water. The tax is paid on gross income derived from operation of public and privately owned utilities in lieu of the B&O tax. For electrical utilities, the applicable tax rate is 3.873 percent. Revenues are deposited in the State General Fund.

Light and power businesses and gas distribution businesses that operate in the state and serve more than 20,000 customers must include the following information on their customer billing:

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(1) the rates and amounts of taxes paid directly by the customer for products or services provided by the light and power business or gas distribution business; and (2) the rate, origin and approximate amount of each tax levied upon the revenue of the light and power business or gas distribution business if it is added as a component of the amount charged to the customer. Tax information that falls into one of the following categories is not required to be listed on the customer billing: (1) taxes levied by the federal government; (2) public utility district privilege taxes; (3) regulatory fees paid by investor-owned utilities to the Washington Utilities and Transportation Commission; or (4) B&O taxes.

### **Summary of Bill:**

#### Light and Power Businesses and Gas Distribution Businesses.

Customer billing requirements that currently apply to light and power businesses and gas distribution businesses in the state that serve more than 20,000 customers are extended to cover all such businesses that serve more than 5,000 customers. All light and power businesses and gas distribution businesses of this size must include in their customer bill: (1) the rate and amount of state and local excise taxes paid directly by the customer on products or services provided by the business; and (2) the rate, origin, and amount of each state and local excise tax levied upon the business that is added as a component of the amount charged to the customer.

The first customer billing of each calendar year must provide an annual summary of the taxes directly paid by the customer and the amount of tax added as a component of the amount charged to the customer during the previous year.

#### Other Utilities.

Customer billing requirements are added for cable television businesses, telecommunications service businesses, and solid waste collection businesses that operate within the state if these businesses serve more than 5,000 customers. These businesses must include in their customer bill: (1) the rate and amount of state and local excise taxes paid directly by the customer on products or services provided by the business; and (2) the rate, origin, and amount of each state and local excise tax levied upon the business that is added as a component of the amount charged to the customer. An annual summary of the taxes paid by the customer, including tax added as a component of the amount charged, must be provided on the first customer billing of each calendar year.

#### Business and Occupation Tax Credit.

A business and occupation (B&O) tax credit is allowed for costs associated with modifying a business's billing system to comply with the customer billing requirements in this bill. Credit earned in one reporting period may be carried over to the next reporting period.

If a business elects to claim this B&O tax credit, it is not eligible to receive the public utility tax credit provided under this bill. This credit may not be earned after January 1, 2010.

#### Public Utility Tax Credit.

A public utility tax (PUT) credit is allowed for costs associated with modifying a business's billing system to comply with the customer billing requirements in this bill. Credit earned in one reporting period may be carried over to the next reporting period. If a business elects to claim this PUT credit, it is not eligible to receive the B&O tax credit provided under this bill.

This credit may not be earned after January 1, 2010.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.