

SPECIAL NOTICE

April 29, 2004

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Electric Utility Tax Credit for Rural Economic Development Revolving Fund

Engrossed Substitute House Bill 2675 (Chapter 238, Laws of 2004) makes some changes to the Electric Utility Rural Economic Development Revolving Fund Public Utility Tax Credit and extends the credit program through June 30, 2011.

Since 1999, RCW 82.16.0491 has provided a tax credit against state public utility tax for qualifying light and power businesses. The tax credit is allowed for 50 percent of contributions made to an electric utility rural economic development revolving fund (Fund).

The law puts a statewide limit on the total amount of credits for all light and power businesses at \$350,000 per fiscal year.

Changes to the Program

The following changes go into effect July 1, 2004:

A Fund may be established by a light and power business **or a local board** whose members live **or work** in the qualifying rural area. Expenditures from the Fund must be made **solely** on qualifying projects.

A "qualifying rural area" is a county with a population density of less than one hundred persons per square mile or a geographic area served by a light and power business that contains 12,000 customers or fewer. A geographic area is no longer required to have fewer than 26 meters per mile of distribution line.

Changes to the Administration of the Program

All references in the law to a "year" are now a "fiscal year" rather than a mix of fiscal and calendar.

Transition Period

During the transition from a calendar year credit program to a fiscal year program the following exceptions are in place:

- Contributions made between January 1, 2004, and March 31, 2004, may be used to earn credit through December 30, 2004.

- Credits earned from contributions made between January 1, 2004, and March 31, 2004, are not considered in computing the statewide limitation of \$350,000 per year for the period July 1, 2004, through December 31, 2004.
- The credit limit for the fiscal year ending June 30, 2005, for those light and power businesses that made contributions between January 1, 2004, and March 31, 2004, is \$37,500 rather than \$25,000. This limit is for all contributions made through June 30, 2005.
- For contributions made between April 1, 2004, and June 30, 2004, call or write to:

Annette Parbon
 Taxpayer Account Administration
 PO Box 47476
 Olympia, Washington 98504-7476
 360-902-7139

Qualifying Rural Counties

The tax credit is available for contributions to a Fund set up in either a qualifying county or in a geographic area. The qualifying counties are as follows:

Adams	Douglas	Kittitas	Pend Oreille	Whatcom
Asotin	Ferry	Klickitat	San Juan	Whitman
Benton	Franklin	Lewis	Skagit	Yakima
Chelan	Garfield	Lincoln	Skamania	
Clallam	Grant	Mason	Stevens	
Columbia	Grays Harbor	Okanogan	Wahkiakum	
Cowlitz	Jefferson	Pacific	Walla Walla	

Applications for Credit

Public Utility Tax Credit Forms will be accepted beginning May 1, 2004, for the fiscal year beginning on July 1, 2004. A Public Utility Tax Credit Form is provided with this special notice. Credit forms may also be obtained from the Department's Web site at dor.wa.gov.

Legislative Finding

Light and power businesses are advised that the Legislature found:

- 1) Accountability and effectiveness are important aspects of setting tax policy.
- 2) The goal of this program is to support qualifying projects that improve economic, health, and safety conditions and facilitate conservation and development of renewable energy resources in qualifying rural areas.
- 3) The goal is achieved when the investment of the revolving funds have generated capital investment in an amount of \$4,750,000 or more within a five-year period.

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