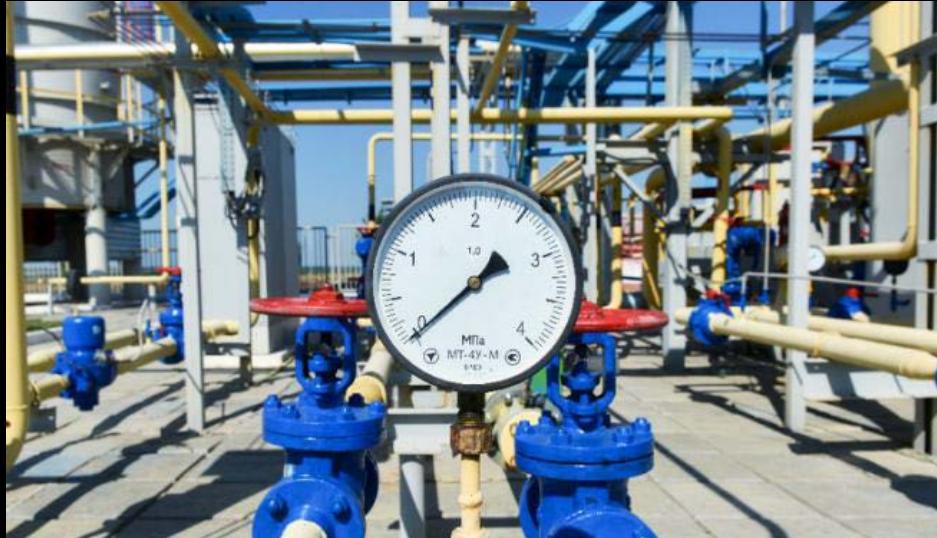




Brokered Natural Gas



82.12.022(3) - Natural and manufactured gas not delivered by pipeline

Description	Natural or manufactured gas delivered to customers by means other than through a pipeline is not subject to brokered natural gas use tax.															
Purpose	To clarify how this tax is applied.															
Taxpayer savings	(\$ in millions): <table><thead><tr><th></th><th>FY 2016</th><th>FY 2017</th><th>FY 2018</th><th>FY 2019</th></tr></thead><tbody><tr><td>State Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr><tr><td>Local Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr></tbody></table>		FY 2016	FY 2017	FY 2018	FY 2019	State Taxes	\$0.000	\$0.000	\$0.000	\$0.000	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000
	FY 2016	FY 2017	FY 2018	FY 2019												
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Repeal of exemption	Repealing this exemption would increase revenues.															
Potential revenue gains from full repeal	(\$ in millions): <table><thead><tr><th></th><th>FY 2016</th><th>FY 2017</th><th>FY 2018</th><th>FY 2019</th></tr></thead><tbody><tr><td>State Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr><tr><td>Local Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr></tbody></table>		FY 2016	FY 2017	FY 2018	FY 2019	State Taxes	\$0.000	\$0.000	\$0.000	\$0.000	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000
	FY 2016	FY 2017	FY 2018	FY 2019												
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Assumptions	<ul style="list-style-type: none">- There is no impact from this exemption because natural gas delivery occurs via pipeline only.- There is no expected change in delivery method.															
Data Sources	Washington State Department of Revenue staff															
Additional Information	<table><thead><tr><th colspan="2">Additional Information</th></tr></thead><tbody><tr><td>Category:</td><td>Tax base</td></tr><tr><td>Year Enacted:</td><td>1994</td></tr><tr><td>Primary Beneficiaries:</td><td>Customers that receive natural gas via other means</td></tr><tr><td>Taxpayer Count:</td><td>0</td></tr><tr><td>Program Inconsistency:</td><td>None evident</td></tr><tr><td>JLARC Review:</td><td>JLARC has scheduled to review in 2016</td></tr></tbody></table>	Additional Information		Category:	Tax base	Year Enacted:	1994	Primary Beneficiaries:	Customers that receive natural gas via other means	Taxpayer Count:	0	Program Inconsistency:	None evident	JLARC Review:	JLARC has scheduled to review in 2016	
Additional Information																
Category:	Tax base															
Year Enacted:	1994															
Primary Beneficiaries:	Customers that receive natural gas via other means															
Taxpayer Count:	0															
Program Inconsistency:	None evident															
JLARC Review:	JLARC has scheduled to review in 2016															

82.12.022(4) - Natural gas subject to public utility tax

Description Gas is not subject to the brokered natural gas use tax if the seller previously paid public utility tax with respect to the same gas.

Purpose This exemption eliminates double taxation of the same fuel. Gas purchased via brokers is generally not subject to public utility tax, and is the reason that the brokered natural gas tax is in place.

Taxpayer savings	<i>(\$ in millions):</i>				
	FY 2016	FY 2017	FY 2018	FY 2019	
State Taxes	\$32.988	\$33.920	\$34.940	\$36.063	
Local Taxes	\$9.223	\$9.484	\$9.769	\$10.083	

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal	<i>(\$ in millions):</i>				
	FY 2016	FY 2017	FY 2018	FY 2019	
State Taxes	\$0.000	\$31.094	\$34.940	\$36.063	
Local Taxes	\$0.000	\$8.694	\$9.769	\$10.083	

Assumptions July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources Department of Revenue excise tax return data

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Purchasers of gas via brokers
Taxpayer Count:	2,395
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.12.022(5) - Aluminum smelter purchases of natural gas

Description Brokered natural gas use tax does not apply to the use of natural or manufactured gas by an aluminum smelter. This exemption expires on January 1, 2027.

Purpose To support the aluminum industry.

Taxpayer savings (\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

- Assumptions**
- The revenue impact is not disclosable because fewer than three taxpayers benefit from this exemption.
 - No revenue impact beginning in Fiscal Year 2028 and after.

Data Sources Information from the latest JLARC study

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.12.022(6) - Taxes paid in other states for natural gas

Description There is a credit against the natural gas use tax equal to any tax paid by (i) the seller, if the tax paid by the seller to another state is similar to Washington's public utility tax or (ii) the consumer, if the tax paid by the consumer to another state is similar to Washington's natural gas use tax.

Purpose To eliminate double taxation of the same fuel.

Taxpayer savings	<i>(\$ in millions):</i>				
		FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal	<i>(\$ in millions):</i>				
		FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

- Assumptions**
- Based on Department data, no taxpayers are currently taking this credit.
 - No taxpayers will take the credit during the next four years.

- Data Sources**
- Department of Revenue excise tax return data

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1989
Primary Beneficiaries:	Purchasers of gas via brokers who have the gas delivered from other states
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.12.024 - Deferral for direct service industries (DSIs)

Description	This statute allows a deferral of brokered natural gas tax for a direct service industry (DSI) business that constructs a new power plant. DSIs are businesses that purchase power directly from the Bonneville Power Administration. The amount of deferred brokered natural gas use tax is not due if the business continues production and their employment levels do not drop below base period levels.															
Purpose	To encourage direct service industry businesses to continue manufacturing in Washington after existing power contracts with Bonneville Power Administration expire by building their own natural gas powered electric generating facilities.															
Taxpayer savings	(\$ in millions): <table border="1"><thead><tr><th></th><th>FY 2016</th><th>FY 2017</th><th>FY 2018</th><th>FY 2019</th></tr></thead><tbody><tr><td>State Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr><tr><td>Local Taxes</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td><td>\$0.000</td></tr></tbody></table>		FY 2016	FY 2017	FY 2018	FY 2019	State Taxes	\$0.000	\$0.000	\$0.000	\$0.000	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000
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State Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Repeal of exemption	Repealing this exemption would increase revenues.															
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	FY 2016	FY 2017	FY 2018	FY 2019												
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000												
Assumptions	<ul style="list-style-type: none">- Based on Department data, no taxpayers are currently taking this deferral.- No taxpayers will take the deferral during the next four years.															
Data Sources	Department of Revenue excise tax return data															
Additional Information	<table border="1"><thead><tr><th colspan="2">Additional Information</th></tr></thead><tbody><tr><td>Category:</td><td>Business</td></tr><tr><td>Year Enacted:</td><td>2001</td></tr><tr><td>Primary Beneficiaries:</td><td>Direct service industry businesses that constructs a new power plant</td></tr><tr><td>Taxpayer Count:</td><td>0</td></tr><tr><td>Program Inconsistency:</td><td>None evident</td></tr><tr><td>JLARC Review:</td><td>JLARC completed an expedited review in 2015</td></tr></tbody></table>	Additional Information		Category:	Business	Year Enacted:	2001	Primary Beneficiaries:	Direct service industry businesses that constructs a new power plant	Taxpayer Count:	0	Program Inconsistency:	None evident	JLARC Review:	JLARC completed an expedited review in 2015	
Additional Information																
Category:	Business															
Year Enacted:	2001															
Primary Beneficiaries:	Direct service industry businesses that constructs a new power plant															
Taxpayer Count:	0															
Program Inconsistency:	None evident															
JLARC Review:	JLARC completed an expedited review in 2015															