

SPECIAL NOTICE

April 22, 2005

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Electric Utility Tax Credit for Rural Economic Development Revolving Fund

Revised Code of Washington (RCW) 82.16.0491 provides a public utility tax credit for an amount equal to 50 percent of contributions made to an electric utility rural economic development revolving fund (Fund) for qualifying light and power businesses. The credit program is effective through June 30, 2011.

The law puts a statewide limit on the total amount of credits for all light and power businesses at \$350,000 per fiscal year, and limits each light and power business to a maximum credit of \$25,000 per fiscal year.

The Program

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.

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 1st for the fiscal year beginning on July 1st of the same year. Credit forms may also be obtained from the Department's Web site at <http://dor.wa.gov>. The Department approves the tax credit on a first come, first serve basis. Tax credit cannot be carried forward to future periods without prior approval from the Department.

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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