



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

APRIL 13, 2010

Public Utility District (PUD) Privilege Tax “Gross Revenue” Term Clarified

Background

The PUDs that generate, transmit, or distribute electricity are subject to the PUD privilege tax under RCW 54.28.020. The tax is based on the amount received from the sale of electricity. On December 15, 2009, Division II of the Court of Appeals issued a published decision in favor of the taxpayers in Clark County Public Utility Dist. No. 1 v. Dep’t of Revenue, 153 Wn. App. 737, 222 P.3d 1232 (2009). The Court held that basic service charges are not subject to the PUD privilege tax imposed by RCW 54.28.020 because, unlike kilowatt-hour charges, basic service charges “do not fall under the definition of ‘gross revenue’ set forth in RCW 54.28.011.”

Purpose

2ESSB 6143, Part X supersedes the Court of Appeals’ decision in Clark County Public Utility Dist. No. 1 and clarifies that, for purposes of the PUD privilege tax, the term “gross revenue” includes the basic service charge and any other regularly recurring charge billed to consumers as a condition of receiving electric energy.

Effective date

Part X of the Act takes effect on May 1, 2010, and applies prospectively only.

How do I report?

In addition to direct charges for electric energy, include all regularly recurring charges as gross revenue for reporting and paying the public utility privilege tax.

For more Information

Contact the Department’s Property Tax Division at (360) 570-5900

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