

Impose public utility tax on all sewerage activities

Description This proposal would subject the gross income received for sewerage collection, retention, transfer, treatment, and disposal (i.e., all sewerage related activities) to the public utility tax (PUT) at the rate of 3.852%.

Current Law Only amounts attributable to “sewerage collection” are subject to PUT at the rate of 3.852%. The courts have ruled that sewerage collection ends at the feeder lines. As a result:

- Typically, about 15% of all sewer utility income is subject to the PUT; and
- The remaining 85% of sewer utility income (amounts received for sewerage retention, transfer, treatment, and disposal) is subject to service and other activities B&O tax at the rate of 1.5%.

Revenue Impact

General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
2,600	\$ -	\$ 17.2	\$ 17.2	\$ 19.5	\$ 20.5	\$ 40.0

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

Expenditure Impact

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 34,000	\$ -	\$ 34,000	\$ -	\$ -	\$ -