

# Public Utility District Privilege Tax

**RCW** Chapter 54.28

**Tax Base** Tax applies when a public utility district (PUD) generates, distributes, and sells electricity.

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

**Tax Rate**

Hydroelectric Dams and Other Electric Generating Facilities:
<ul style="list-style-type: none"> <li>• 2 percent of gross revenue from the sale of power to consumers that is distributed through the district’s own distribution system; plus</li> <li>• 5 percent of the first 4 mills per kilowatt-hour of the:                             <ul style="list-style-type: none"> <li>○ wholesale value of self-generated energy distributed to its own customers, and</li> <li>○ revenue from the sale for resale of self-generated energy.</li> </ul> </li> <li>• For each rate above, an additional 7 percent surtax is imposed.</li> </ul>
Thermal Electric Generating Facilities <sup>1</sup> :
<ul style="list-style-type: none"> <li>• 1.5 percent of wholesale value of energy produced for sale or use. An additional 7 percent surtax is imposed.</li> </ul>

<sup>1</sup>Plants with a design capacity of 250,000 kilowatts or more located on a federal reservation which utilize steam derived from fossil or nuclear fuels and which became operational after September 21, 1977. This rate applies only to Washington Public Power Supply System Nuclear Project #2 operated on the Hanford reservation by the Washington Public Power Supply System.

**Recent Collections (\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2018	\$56,942	5.6%	0.3%
2017	\$53,903	5.3%	0.3%
2016	\$51,180	0.5%	0.3%
2015	\$50,924	3.2%	0.3%
2014	\$49,342	3.2%	0.3%
2013	\$47,816	6.7%	0.3%
2012	\$44,815	12.9%	0.3%
2011	\$39,710	1.5%	0.3%
2010	\$39,123	-7.2%	0.3%
2009	\$42,175	1.2%	0.3%

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**Distribution of Receipts**

The distribution of receipts from this tax are summarized below:

<b>Hydroelectric Dams and Other Electric Generating Facilities:</b>
Base tax rate, 2 percent of gross revenue and 5 percent of first 4 mills
<ul style="list-style-type: none"><li>• 4% State General Fund</li><li>• 96% further distributed as follows:<ul style="list-style-type: none"><li>○ 37.6% State General Fund for public schools</li><li>○ Remaining tax distributed proportionately to counties in which the generating facility is located</li></ul></li></ul>
100% of the 7% surtax is distributed into the State General Fund.

<b>Thermal Electric Generating Facilities:</b>
Base rate, 1.5 percent of wholesale value
<ul style="list-style-type: none"><li>• 4% State General Fund</li><li>• 96% further distributed as follows:<ul style="list-style-type: none"><li>○ 50% State General Fund for public schools</li><li>○ 22% to counties</li><li>○ 23% to cities</li><li>○ 3% to fire protection districts</li><li>○ 2% to library districts</li></ul></li><li>• The local taxing districts receive amounts in proportion with their respective populations.</li></ul>
100% of the 7% surtax is distributed into the State General Fund.

**Levied by**

State and cities.

Municipalities may tax PUD facilities located within the city. The tax is based on gross revenues from the sale of electricity to consumers within the city. The maximum tax rate is not specified; therefore, it is assumed the 6 percent limit for municipal utility taxes would apply to this tax.

**Administration**

Department of Revenue.

Public utility districts report the tax on the PUD Privilege Tax Return at the same frequency as their excise tax return. However, the Department may allow taxpayers to report this tax annually. Before 2018, the Department calculated the amount of tax due and notified the districts. The districts had to pay that amount by June 1.

Upon receipt of the tax, the Department instructs the State Treasurer to disburse the receipts to the proper funds and local jurisdictions.

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### History

- 2017 Legislation made the general administrative provisions of Title 82 applicable to the PUD privilege tax. Public utility districts will continue to file and pay annually.
- 2011 Legislation added 54.28.090(2) which specifies special distribution for certain districts.
- 2010 Legislation added “regularly recurring charge billed to consumers as a condition of receiving electric energy” to the definition of gross income.
- 2004 Legislation clarified that when public utility districts provide wholesale telecommunications services they must separately account for those revenues.
- 1983 Surtaxes were made permanent.
- 1982 Surtaxes totaling 7 percent were added to PUD tax rates resulting in the current tax rates.
- 1977 The 1.5 percent rate on wholesale value of power for nuclear generating plants at Hanford was established.
- 1959 The rate structure modified with the addition of the millage rate of the first 4 mills.
- 1949 The rate structure was modified when the tax on self-generated energy was included.
- 1941 The PUD privilege tax was enacted at an initial rate of 2 percent of gross revenue.
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