

TransAlta Tax Break Bill More About Community Than Company, Braun Says

By Kaylee Osowski / kosowski@chronline.com | Posted: Wednesday, February 24, 2016 1:56 pm



TransAlta

In this Sept. 9, 2010 file photo, Mt. Rainier sits behind TransAlta's steam power plant north of Centralia.

As it did last year, Sen. John Braun's bill to give TransAlta a tax break to convert from being a coal-fired plant to a natural gas or biomass facility has passed the Senate.

The House is now considering Senate Bill 5575, and the Technology & Economic Development Committee held a public hearing on it Tuesday morning. Braun, R-Centralia, who first introduced the bill last year, said the legislation is more about the community than TransAlta.

The first coal-fired unit at TransAlta is scheduled to shut down in 2020 and the second is scheduled to do the same in 2025.

"What we want to do is make sure we do (the coal shutdown) without destroying the community that surrounds that plant," Braun said.

Investing in converting the plant from coal to gas "makes sense," he said.

"I think this is a good move, certainly for my community, but I think for the state to show that

we can make this transition and we can do it in a way that's smart and doesn't leave people hanging," Braun said.

Cody Duncan, business developer for TransAlta, said the company is conducting a study on the potential conversion project.

"This will provide an opportunity for grid stability in this region and a footprint for Centralia is already there," said Bob Guenther, with the International Brotherhood of Electrical Workers. "Why not utilize that footprint for something beneficial for the region and for the community?"

Since the plant began preparing for the shift, it's property value has decreased, leading to less money for school and fire districts, Braun said.

Geoff Simpson, of the Washington State Council of Firefighters, said the 2011 legislation for the plant to shut down its coal units has impacted the community and the Riverside Fire Authority.

He said the Riverside Fire Authority has been reduced to 22 members due to the cut in the taxbase.

"TransAlta has just done so much in the community," Duncan said.

The company has invested \$1 million in local high schools for athletics, more than \$1 million to Centralia College and about \$200,000 annually to United Way of Lewis County, among other contributions, Duncan said.

TransAlta employs 214 people at an average of \$75,000, which Duncan noted is well above the average wage in the county.

Braun's bill would give TransAlta sales and use tax exemptions for construction for the conversion in the form of a remittance.

The remittance wouldn't be paid before July 1, 2020.

A fiscal note published on Feb. 19 shows a nearly \$10 million impact to the state between 2019 and 2021, if the bill passes.

Braun said changes have been made to the conversion plan to reduce the impact. The committee is scheduled to consider the bill in executive session on Friday. District 19 Rep. Brian Blake, D-Aberdeen, introduced a similar bill in the House this year. The Technology & Economic Development Committee passed a substituted version of the bill and referred it to the Finance Committee. It did not move out of Finance.