

SENATE BILL REPORT

SB 6691

As Reported By Senate Committee On:
Energy & Utilities, February 3, 1998

Title: An act relating to exempting electric generating facilities powered by wind or sun energy from sales and use taxes.

Brief Description: Exempting wind or solar energy electric generating facilities from sales and use taxes.

Sponsors: Senators Jacobsen and Brown.

Brief History:

Committee Activity: Energy & Utilities: 2/3/98 [DP-WM].

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Brown, Jacobsen, Rossi, T. Sheldon and Strannigan.

Staff: Andrea McNamara (786-7483)

Background: Current state law exempts from retail sales and use tax machinery and equipment used directly in generating electricity through wind or sun energy under specified circumstances.

Such facilities, and the labor and services used to install them, are exempt if: (1) they are capable of generating at least two hundred kilowatts of electricity; (2) the purchaser provides the seller with an exemption certificate from the Department of Revenue (DOR); and (3) the purchaser provides the DOR a copy of the certificate or a summary of the exempt sales.

Current law limits the exemption to industrial machinery and equipment. Two hundred kilowatts is equal to 200,000 watts (one kilowatt is equal to 1,000 watts).

The current tax exemption expires in 2005.

Summary of Bill: The sales and use tax exemption for wind and solar generating facilities is extended to those facilities capable of generating at least 200 watts of electricity.

The definition of "machinery and equipment" is revised to remove the limitation that the facilities be industrial in nature.

The requirement that a purchaser provide the Department of Revenue a copy of the exemption certificate or a summary of exempt sales is removed.

The exemption is extended until June 30, 2008.

Appropriation: None.

Fiscal Note: Requested on February 3, 1998.

Effective Date: July 1, 1998.

Testimony For: This bill would make investment in renewable resources much more attractive to residential customers. The current tax exemption has never been utilized because the 200 kilowatt threshold is beyond the scale of residential customers. It brings together environmental benefits with economic benefits to create new local opportunities and markets for renewable technologies, which in turn will bring prices down for customers seeking to invest in them. Washington is a leader in the solar industry and this bill will enable the state to become even more competitive in the national and international markets.

Testimony Against: None.

Testified: PRO: Tom Jensen, Applied Power Corporation; John Schlick; Tom Rentz, Trace Engineering; Mike Nelson, Washington Solar Industries Association; Tom Starrs, Washington Solar Energy Industries Association, Renewable Northwest Project; George Tyler; Chander Shah, NWFC.