

HOUSE BILL REPORT

HB 1441

As Reported by House Committee On:
Technology, Telecommunications & Energy
Finance

Title: An act relating to providing sales and use tax exemptions for energy efficient lights and household appliances.

Brief Description: Providing sales and use tax exemptions for energy efficient lights and household appliances.

Sponsors: Representatives Ruderman, Crouse, Poulsen, Linville, Kagi, Kenney, Keiser, Roach, Bush, Lambert, Berkey, Miloscia, Simpson, Esser, Wood, Rockefeller and Kessler; by request of Governor Locke.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/2/01, 2/12/01 [DP];
Finance: 2/28/01, 3/8/01 [DPS].

Brief Summary of Substitute Bill

- Eliminates the application of sales and use taxes to the purchase of lights and light fixtures that meet or exceed energy efficiency recommendations of the Energy Star program for items purchased before July 1, 2003.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 11 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; Ruderman, Democratic Vice Chair; Berkey, Bush, B. Chandler, Cooper, Esser, Mielke, Simpson and Wood.

Minority Report: Do not pass. Signed by 5 members: Representatives Anderson, Delvin, Hunt, Morris and Pflug.

Staff: Pam Madson (786-7166).

Background:

Appliances or products that meet the recommendations for energy efficiency made by the Energy Star program qualify to use the Energy Star label. The Energy Star program is a voluntary partnership between the U.S. Department of Energy, the U.S. Environmental Protection Agency, product manufacturers, local utilities, and retailers that encourage the creation and use of energy efficient products and technologies.

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax base includes goods and certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax at a rate up to a maximum of 3.1 percent. Currently, local rates levied range from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller. State sales tax revenue is deposited into the state general fund.

The use tax is imposed on items used in the state which were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue. State use tax revenue is deposited into the state general fund.

Summary of Bill:

Sales and use taxes do not apply to lighting, clothes washers, and dishwashers purchased after the effective date of this act but before July 1, 2003 that meet or exceed energy efficiency requirements under the Energy Star program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The Governor's energy package has three components: Promoting new generation; promoting energy efficiency and reducing demand for energy; and protecting the state's most vulnerable citizens from the impact of high energy costs. This bill supports the energy efficiency and reduced demand component. It provides a tax break to encourage people to use appliances that may be more expensive up front but will be more energy efficient in the long run. Products with the Energy Star label are readily identifiable and are available. The subset of appliances selected for this bill provide additional benefits in that they save significant amounts of water. Commercial lighting can provide significant savings through use of energy efficient lighting products. Support was expressed for other products that provide significant energy savings such as gas and wood fuel appliances and heat pumps. Other states are looking at similar programs.

Testimony Against: None.

Testified: (In support) Harry Raines; Jim Hedrick, Governor's Office; Liz Klump, Office of Trade and Economic Development; Danielle Dixon, Northwest Energy Coalition; Mellani Hughes, Association of Washington Business; and Kathleen Collins, Sheet Metal and Air Conditioning Contractors.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Cairnes, Republican Co-Chair; Morris, Democratic Co-Chair; Berkey, Democratic Vice Chair; Conway, Santos and Veloria.

Minority Report: Without recommendation. Signed by 4 members: Representatives Roach, Republican Vice Chair; Carrell, Pennington and Van Luven.

Staff: Mark Matteson (786-7145).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Technology, Telecommunications & Energy:

The application of the exemption is limited to lighting. The original bill applied to lighting, clothes washers, and dishwashers.

Appropriation: None.

Fiscal Note: Available for original bill; requested for substitute March 12, 2001.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: In the face of this energy crisis one thing that can be done immediately is conservation. Though modest, this bill will encourage taxpayers. Decreasing demand is another way to lower prices. And unlike new energy supply, conservation benefits are guaranteed to stay within the state.

This bill will help not only residential consumers but commercial consumers, as well. Besides electricity savings, appliances like energy efficient clothes washers will save water as well, helping the state as we face a drought.

(Concerns) The bill does not go far enough, and so heating and cooling mechanisms should be incorporated into the bill. An energy efficient furnace could cut home energy usage in half.

Testimony Against: None.

Testified: (In support) Representative Ruderman, prime sponsor; Danielle Dixon, Northwest Energy Coalition; Kristen Harte-Sawin, Association of Washington Business; and Liz Klumpp, Department of Community, Trade and Economic Development.

(In support, with suggestions) Kathleen Collins, Sheet Metal and Air Conditioning Contractors of Western Washington.