

# HOUSE BILL REPORT

## HB 2799

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Title:** An act relating to providing tax exemptions for solar hot water systems.

**Brief Description:** Providing tax exemptions for solar hot water equipment.

**Sponsors:** Representatives Chase, Morris, Crouse, Eickmeyer, Clibborn, P. Sullivan, Hunt, McCoy, Miloscia, Grant, Sells, Williams, McCune, Moeller, Conway, Upthegrove, Morrell, Simpson, Kilmer, Kagi, Hudgins, Dunn and Darneille.

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 1/26/06 [DPS].

<p><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Exempts solar hot water collectors from the state retail sales tax.</li></ul>
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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Ericks, Hankins, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

**Staff:** Scott Richards (786-7156).

**Background:**

Solar hot water heaters use the sun to heat either water or a heat-transfer fluid in collectors. The U.S. Department of Energy estimates that a typical solar hot water system will reduce the need for conventional water heating by about two-thirds.

*Sales Tax Exemption for Electricity Generating Machinery and Equipment*

To encourage the development of alternative energy generation facilities, Washington exempts from retail sales tax machinery and equipment, including installation labor and services, used directly in generating electricity by the use of wind, sun, land-fill gas or fuel cells. To qualify for the exemption, the facility must be capable of generating a minimum of 200 watts of electricity. This exemption is scheduled to expire on June 30, 2009.

Washington State levies and collects a tax on each retail sale in this state equal to 6.5 percent of the selling price.

*Solar Rating and Certification Corporation Standards*

The Solar Rating and Certification Corporation (SRCC) is a non-profit organization whose primary purpose is the development and implementation of certification programs and national rating standards for solar energy equipment. The SRCC is an independent third-party certification entity. It is the only national certification program established solely for solar energy products. States such as Arizona, California, Colorado, Hawaii, Illinois, Louisiana, Maryland, Minnesota, Montana, Nevada, Oregon, Pennsylvania, Vermont and Wisconsin require that only SRCC rated solar hot water collectors to be installed.

The SRCC administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water and swimming pool heating systems. Equipment which has been certified and rated by SRCC is required to bear the SRCC certification label which shows the performance rating for that product. In addition, each certified product is published by SRCC in a directory. Each product's directory listing contains information on the product's material and specifications as well as the certified thermal performance rating.

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**Summary of Substitute Bill:**

*Sales Tax Exemption for Electricity Generating Machinery and Equipment*

Solar hot water collectors generating thermal energy are exempt from state sales tax related to electricity generating machinery and equipment.

Solar hot water collector means those collectors that have been rated and currently listed by the Solar Rating and Certification Corporation.

**Substitute Bill Compared to Original Bill:**

Clarifies that thermal is the type of energy related to solar hot water collectors. Defines solar hot water collector to mean those collectors that have been rated and currently listed by the Solar Rating and Certification Corporation. Extends the retail sales tax exemption to specified solar hot water collectors.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This act includes solar hot water generation to the state's list of alternative energy appliances that qualifies for a retail sales tax exemption. While it does not generate energy, it does save energy. It helps address global warming and dependence on carbon-

based fuels. In the home, the top two energy users are home heating and water heating. Solar thermal systems can address these top two energy users in the home. It can help reduce pollutants and carbon dioxide emissions.

**Testimony Against:** None.

**Persons Testifying:** Representative Chase, prime sponsor; and Larry Owens, Solar Washington and Shoreline Solar Project.

**Persons Signed In To Testify But Not Testifying:** None.