

FINAL BILL REPORT

ESHB 2847

C 92 L 08

Synopsis as Enacted

Brief Description: Creating a sales and use tax exemption of materials and services used in the weatherization assistance program.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Ormsby, Schindler, Barlow, Simpson, Springer, Wood and Santos).

House Committee on Finance
Senate Committee on Ways & Means

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

The federal Department of Energy (DOE) operates the Weatherization Assistance Program (WAP) to assist low-income families who lack resources to invest in energy efficiency. The WAP was created in 1976. The WAP is operated in all 50 states. The funds provided by the U.S. Congress, through the DOE, are used to improve the energy efficiency of dwellings of low-income owners. The DOE distributes money to the states. In Washington, the Department of Community, Trade and Economic Development (DCTED) administers the program. The DCTED, in turn, contracts with local governmental or nonprofit agencies to deliver weatherization services to low-income clients in their areas.

Typical weatherization measures include: installing insulation in walls, floors, and attics; reducing air infiltration and pressure imbalances; sealing and repairing ducts; and tuning and repairing heating and cooling units. Most of the services and materials related to weatherizing a home are subject to sales and use taxes.

Summary:

Tangible personal property used in the weatherization of residences under the Washington Weatherization Assistance Program is exempt from sales and use tax.

Votes on Final Passage:

House 94 1
Senate 49 0

Effective: June 12, 2008