

SENATE BILL REPORT

ESHB 2847

As Reported By Senate Committee On:
Ways & Means, March 03, 2008

Title: An act relating to the sales and use tax exemption of materials and services used in the weatherization assistance program.

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

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

Brief History: Passed House: 2/19/08, 94-1.

Committee Activity: Ways & Means:3/3/08 [DP]

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

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 a 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 Congress, through the DOE, are used to improve the energy efficiency of low-income dwellings. The DOE distributes money to the states. In Washington, the Department of Community, Trade and Economic Development (DCTED) administers the program. The

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

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (on companion SB 6746): PRO: The Northwest Energy Coalition supports this bill. This will increase help for the poorest energy users and will have an indirect economic benefit for all rate payers. This really helps people who have to choose between heat and eating. This will also be a big help to reach the state's greenhouse gas goals.

Persons Testifying (on companion SB 6746): PRO: Carrie Dolwick, Northwest Energy Coalition.