

FINAL BILL REPORT

HB 2290

C 166 L 96

Synopsis as Enacted

Brief Description: Exempting construction of wind energy and solar electric generating facilities from sales and use tax.

Sponsors: Representatives Honeyford, Patterson, Lisk, Clements, Hankins, B. Thomas, Mulliken, McMahan, Thompson, Hargrove and Boldt.

House Committee on Finance

Senate Committee on Energy, Telecommunications & Utilities

Senate Committee on Ways & Means

Background: The state retail sales tax is imposed on retail sales of most items of tangible personal property and some services. Taxable services include construction, repair, telephone, some personal services, and recreation and amusement services. The tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. The total rate falls between 7 percent and 8.2 percent, depending on the location.

The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition of the property has not been subject to sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used. The use tax commonly applies to property acquired from out-of-state.

Businesses pay sales and use tax on machinery, equipment, and construction of industrial facilities. Some sales and use tax exemptions are available for business investments. Generally, investments in electrical generation are not eligible for these exemptions.

Summary: Machinery and equipment used directly in generating electricity using wind or sun energy is exempt from sales and use tax. Installation costs are also exempt. Only facilities capable of generating 200 kilowatts of electricity are eligible for the exemption.

The exemption ends June 30, 2005.

Votes on Final Passage:

House	95	0	
Senate	49	0	(Senate amended)
House	98	0	(House concurred)

Effective: July 1, 1996