

HB 2278
Bill Analysis
January 14, 1998

Brief Description: Exempting electric generating facilities powered by landfill gas from sales and use taxes.

Bill Sponsors: Representatives Honeyford and Lisk

Staff: Rick Peterson (786-7150)

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state 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 tax rate is between 7 percent and 8.6 percent, depending on location. Sales tax applies when items are purchased at retail in state. Sales tax is paid by the purchaser and collected by the seller.

Use tax is imposed on the use of an item in this state when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out-of-state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used. Use tax is paid directly to the department of revenue.

Machinery and equipment used directly in generating electricity using wind or sun energy are 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.

Summary of Bill: The machinery and equipment sales and use tax exemption for wind and sun energy facilities is extended to facilities using landfill gas.

Appropriations: None

Fiscal Note: Available

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

**House of Representatives
Office of Program Research
Finance Committee**

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