

SENATE BILL REPORT

SB 5541

As Reported By Senate Committee On:
Environment, Energy & Water, February 15, 2001
Ways & Means, March 26, 2001

Title: An act relating to exempting electric generating facilities powered by wind or sun energy from sales and use taxes.

Brief Description: Exempting wind or solar energy electric generating facilities from sales and use taxes.

Sponsors: Senators Jacobsen, Eide, Patterson, Fraser, Regala, Kline, Spanel, Kohl-Welles, Roach and Winsley; by request of Governor Locke.

Brief History:

Committee Activity: Environment, Energy & Water: 2/1/01, 2/15/01 [DPS-WM].
Ways & Means: 2/26/01, 3/26/01 [DPS (EEW)].

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Majority Report: That Substitute Senate Bill No. 5541 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Hale, Honeyford, Jacobsen, McDonald and Morton.

Staff: Jim Metropulos (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5541 as recommended by Committee on Environment, Energy & Water be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: Sales of machinery and equipment used to generate electricity using wind, solar energy, or landfill gas are exempt from sales and use tax. Consumers who buy and install machinery and equipment to generate power receive a sales tax exemption. This exemption expires on June 30, 2005.

Summary of Substitute Bill: The sales tax exemption for wind, solar, and landfill gas powered electrical generating facilities is lowered from 200 kilowatts to 200 watts. The sales

tax exemption for machinery and equipment installed by consumers who generate electricity is extended by four years to June 30, 2009.

Fuel cells and machinery and equipment using biomass waste are added to the list of energy sources eligible for a sales and use tax exemption.

Substitute Bill Compared to Original Bill: Under the substitute bill, fuel cells and machinery and equipment using biomass power to generate energy also qualify for a sales and use tax exemption.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2001.

Testimony For (Environment, Energy & Water): This bill would promote energy diversification. It is important to encourage small-scale clean energy facilities during the current energy crisis. The bill should include fuel cells.

Testimony Against (Environment, Energy & Water): None.

Testified (Environment, Energy & Water): Senator Jacobsen, prime sponsor; Tom Starrs, Renewable Northwest Project (pro); Danielle Dixon, NW Energy Coalition (pro); Collins Sprague, Avista Corp. (pro w/amend.); Dave Danner, Governor's Office.

Testimony For (Ways & Means): This is a part of Governor Locke's energy package. It will offer the same tax break to small producers that is now available only to the very large. Homeowners, farmers and small businesses will now be included. This allows us to "get the rooftops working" for energy production.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Danielle Dixon, NW Energy Coalition; Eric Espenhorst, Friends of Earth; Jim Hedrick, OFM; Collins Sprague, AVISTA, Corp.