

SENATE BILL REPORT

2SHB 2799

As Reported By Senate Committee On:
Water, Energy & Environment, February 23, 2006

Title: An act relating to providing tax exemptions for solar hot water systems.

Brief Description: Providing tax exemptions for solar water heating equipment.

Sponsors: House Committee on Finance (originally sponsored by Representatives Chase, Morris, Crouse, Eickmeyer, Clibborn, P. Sullivan, Hunt, McCoy, Miloscia, Grant, Sells, Williams, McCune, Moeller, Conway, Upthegrove, Morrell, Simpson, Kilmer, Kagi, Hudgins, Dunn and Darneille).

Brief History: Passed House: 2/11/06, 95-1.

Committee Activity: Water, Energy & Environment: 2/22/06, 2/23/06 [DP].

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: Do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Delvin, Fraser, Honeyford, Mulliken, Pridemore and Regala.

Staff: Richard Rodger (786-7461)

Background: Solar hot water heaters use the sun to heat either water or a heat-transfer fluid in collectors. The U.S. Department of Energy estimates that a typical solar hot water system will reduce the need for conventional water heating by about two-thirds.

Washington State levies and collects a tax on each retail sale in this state equal to 6.5 percent of the selling price. Governing bodies of counties and cities are vesting with additional taxing powers which they may or may not implement. Retail and use tax exemptions are applicable to both state and local levels, unless otherwise provided.

The Solar Rating and Certification Corporation (SRCC) is a non-profit organization whose primary purpose is the development and implementation of certification programs and national rating standards for solar energy equipment. It is the only national certification program established solely for solar energy products. States such as Arizona, California, Colorado, Hawaii, Illinois, Louisiana, Maryland, Minnesota, Montana, Nevada, Oregon, Pennsylvania, Vermont, and Wisconsin require that only SRCC rated solar hot water collectors be installed. The SRCC operates three solar certification programs: Collector certification (OG 100), water heating system certification (OG 300), and a certification program for solar swimming pool heating systems (OG 400). The collector certification program (OG 100) applies to that part of a solar energy system which is exposed to the sun and collects the sun's heat. The solar water heating system certification program (OG 300) deals with the entire solar system (collectors, controls, storage tanks, heat exchangers, pumps, etc.) used to heat domestic hot water using the sun.

Summary of Bill: The OG-300 rated solar water heating systems; the OG-100 rated solar water heating collectors; solar heat exchangers; or differential solar controllers are exempt from state and local retail and use taxes. Also exempt from sales and use taxes are repair and replacement parts for such equipment, or to sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving such equipment.

A person taking the sales tax exemption must keep records necessary to verify eligibility. The sales tax exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the Department of Revenue.

The retail sales and use tax exemption takes effect July 1, 2006 and expires on July 1, 2009.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For: Thermal solar heating has the fastest payback period for any type of solar products. This bill is a key legislative priority of the City of Shoreline. The bill provides great environmental benefits. Installation of a solar thermal tube can reduce energy consumption and result in the reduction of 720 pounds of CO₂ for a standard home.

Testimony Against: None.

Who Testified: PRO: Representative Marilyn Chase, prime sponsor; Larry Owens, Solar Washington; Janet Way, council member, City of Shoreline; Solar Richard, citizen.