

FINAL BILL REPORT

E2SSB 5111

C 301 L 05

Synopsis as Enacted

Brief Description: Providing tax incentives for solar energy businesses.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Morton, Poulsen, Parlette, Roach, Schmidt, Oke, Hewitt, Zarelli, Finkbeiner, Stevens, Swecker, Deccio, Honeyford, Mulliken, Kline and Sheldon).

Senate Committee on Water, Energy & Environment

Senate Committee on Ways & Means

House Committee on Technology, Energy & Communications

House Committee on Finance

Background: A recent report by the Washington State University Energy Program concluded that while the solar electric industry is rapidly developing in both the domestic and global markets, solar electric corporations are leaving the state. It further concluded that the dramatic growth experienced by Washington's solar electric market cannot be maintained without further incentives that recognize the unique forces and issues involved in the solar industry.

Most manufacturing businesses in the state pay the general manufacturing business and occupation (B&O) tax of 0.484 percent times the value of their product. Special B&O tax classifications and rates have been enacted by the legislature to address specialized situations, such as the semiconductor manufacturer classification, enacted in 2003, to create incentives for the semiconductor industry.

Summary: The B&O tax for businesses manufacturing solar energy systems or the silicon components of these systems is set at a rate equal to the value of the product multiplied by 0.2904 percent until June 30, 2014. Taxes paid in manufacturing these systems is granted as a B&O tax credit.

Businesses claiming the credit under this program must file annual reports with the Department of Revenue (DOR) detailing employment, wages, and health and retirement benefits.

DOR must conduct a study from existing sources of data and report the impacts of this act to the legislature by December 1, 2013.

Votes on Final Passage:

Senate	48	0	
House	96	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: July 1, 2005