

HB 3362 - S AMD 261

By Senator Pridemore

ADOPTED 03/11/2008

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that improving energy
4 efficiency is key to achieving the state's goals to reduce greenhouse
5 gas emissions to 1990 levels by 2020. The legislature further finds
6 that increased energy efficiency saves Washington businesses money,
7 which in turn helps the state and local economy, as energy bill savings
8 can be spent on local goods and services. Washington state and federal
9 appliance standards passed since 2005 will produce about eighty
10 thousand metric tons of greenhouse gas emissions savings toward
11 Washington's 2020 target. However, there are a large number of
12 commercial devices on the market that are not subject to those
13 standards. In addition, there are many new products on the market that
14 are much more energy efficient than required by such standards, but
15 because they may be more expensive than standard models, they represent
16 only a small percentage of sales. Most commercial equipment, once
17 purchased, will be in use for ten to fifteen years; therefore, the more
18 energy efficient they are, the greater the energy and cost savings and
19 reductions in climate pollution.

20 Thus, the legislature intends to enact tax incentives as a means to
21 encourage Washington businesses to purchase certain high efficiency
22 appliances and equipment and to maximize the energy savings opportunity
23 available through increased and sustained market share of those
24 appliances and equipment.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
26 to read as follows:

27 (1) In computing the tax imposed under this chapter, a credit is
28 allowed in an amount equal to eight and eight-tenths percent multiplied

1 by the purchase price, as defined in RCW 82.12.010, of the following
2 items:

3 (a) Commercial freezers and refrigerators meeting consortium for
4 energy efficiency tier 2 specifications dated January 1, 2006;

5 (b) High efficiency commercial clothes washers meeting consortium
6 for energy efficiency specifications dated November 14, 2007;

7 (c) Commercial ice makers meeting consortium for energy efficiency
8 specifications dated January 1, 2006;

9 (d) Commercial full-sized gas convection ovens with interior
10 measurements of six cubic feet or larger;

11 (e) Commercial deep fat fryers which are rated energy star as of
12 August 2003;

13 (f) Commercial hot food holding cabinets which are rated energy
14 star as of August 2003; and

15 (g) Commercial electric and gas steam cookers, also known as
16 compartment cookers, which are rated energy star as of August 2003.

17 (2) A person may not take the credit under this section if the
18 person's gross income of the business in the prior calendar year
19 exceeded seven hundred fifty thousand dollars.

20 (3) A credit earned during one calendar year may be carried over to
21 be credited against taxes incurred in the subsequent calendar year.
22 Credit may not be claimed against taxes due for any tax reporting
23 period ending before the credit was earned. No refunds shall be
24 granted for credits under this section.

25 (4) Credits are available on a first-in-time basis. The department
26 shall disallow any credits, or portion thereof, that would cause the
27 total amount of credits claimed statewide under this section in any
28 year to exceed seven hundred fifty thousand dollars. If the seven
29 hundred fifty thousand dollar limitation is reached, the department
30 shall provide written notice to any person that has claimed tax credits
31 after the seven hundred fifty thousand dollar limitation in this
32 subsection has been met. The notice shall indicate the amount of tax
33 due and shall provide that the tax be paid within thirty days from the
34 date of such notice. The department may not assess penalties and
35 interest as provided in chapter 82.32 RCW on the amount due in the
36 initial notice if the amount due is paid by the due date specified in
37 the notice, or any extension thereof.

1 (5) The department of community, trade, and economic development
2 must prepare and deliver a report to the legislature no later than
3 December 30, 2010, assessing the overall energy and cost saving impacts
4 of this section.

5 (6) Credit may not be claimed under this section for the purchase
6 of an item, listed in subsection (1) of this section, before the
7 effective date of this section.

8 (7) Credit may not be claimed under this section for the purchase
9 of an item, listed in subsection (1) of this section, after June 30,
10 2010.

11 (8) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a)(i) "Commercial refrigerators and freezers" means refrigerators,
14 freezers, or refrigerator-freezers designed for use by commercial or
15 institutional facilities for the purpose of storing or merchandising
16 food products, beverages, or ice at specified temperatures that: (A)
17 Incorporate most components involved in the vapor-compression cycle and
18 the refrigerated compartment in a single cabinet; and (B) may be
19 configured with either solid or transparent doors as a reach-in
20 cabinet, pass-through cabinet, roll-in cabinet, or roll-through
21 cabinet.

22 (ii) "Commercial refrigerators and freezers" does not include: (A)
23 Products with eighty-five cubic feet or more of internal volume; (B)
24 walk-in refrigerators or freezers; (C) consumer products that are
25 federally regulated pursuant to Title 42 U.S.C. Sec. 6291 et seq.; (D)
26 products without doors; or (E) freezers specifically designed for ice
27 cream.

28 (b) "Commercial clothes washer" means a soft mount horizontal or
29 vertical-axis clothes washer that: (i) Has a clothes container
30 compartment no greater than three and one-half cubic feet in the case
31 of a horizontal-axis product or no greater than four cubic feet in the
32 case of a vertical-axis product; and (ii) is designed for use by more
33 than one household, such as in multifamily housing, apartments, or coin
34 laundries.

35 (c) "Commercial hot food holding cabinet" means an appliance that
36 is designed to hold hot food at a specified temperature, which has been
37 cooked using a separate appliance.

1 (d) "Commercial ice maker" means a factory-made assembly, not
2 necessarily shipped in one package, consisting of a condensing unit and
3 ice-making section operating as an integrated unit with means for
4 making and harvesting ice. It may also include integrated components
5 for storing or dispensing ice, or both.

6 (e) "Commercial open, deep-fat fryer" means an appliance, including
7 a cooking vessel, in which oil is placed to such a depth that the
8 cooking food is essentially supported by displacement of the cooking
9 fluid rather than by the bottom of the vessel. Heat is delivered to
10 the cooking fluid by means of an immersed electric element or band-
11 wrapped vessel (electric fryers), or by heat transfer from gas burners
12 through either the walls of the fryer or through tubes passing through
13 the cooking fluid (gas fryers).

14 (f) "Consortium" means the consortium for energy efficiency, a
15 United States nonprofit public benefits corporation that promotes the
16 manufacture and purchase of energy efficient products and services.
17 The consortium's members include utilities, statewide and regional
18 market transformation administrators, environmental groups, research
19 organizations, and state energy offices in the United States and
20 Canada.

21 (g) "Energy star" is an energy efficient product that meets the
22 federal environmental protection agency's and federal department of
23 energy's criteria for use of the energy star trademark label, or is in
24 the upper twenty-five percent of efficiency for all similar products as
25 designated by the federal energy management program. Energy star is a
26 voluntary labeling program designed to identify and promote energy
27 efficient products to reduce greenhouse gas emissions.

28 (h) "Steam cooker" means a device with one or more food steaming
29 compartments, in which the energy in the steam is transferred to the
30 food by direct contact. Models may include countertop models, wall-
31 mounted models, and floor models mounted on a stand, pedestal, or
32 cabinet-style base.

33 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2008.

34 NEW SECTION. **Sec. 4.** This act expires July 1, 2010."

ADOPTED 03/11/2008

1 On page 1, line 2 of the title, after "equipment;" strike the
2 remainder of the title and insert "adding a new section to chapter
3 82.04 RCW; creating a new section; providing an effective date; and
4 providing an expiration date."

EFFECT: Changes the measurement of the B&O credit to 8.8% of qualified appliance purchases, rather than a credit measured by sales or use tax paid on qualified purchases. Makes other changes of a technical nature: Changing the date in section 2(1)(a); clarifying that the credit may not be claimed for prior periods; and changing the term "acquisition" to "purchase". It is anticipated that the fiscal impact of the amendment will be approximately the same as the underlying bill.

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