
Finance Committee

HB 2847

Brief Description: Creating a sales and use tax exemption of materials and services used in the weatherization assistance program.

Sponsors: Representatives Ormsby, Schindler, Barlow, Simpson, Springer, Wood and Santos.

Brief Summary of Bill

- Exempts materials and services used to weatherize a home from sales and use taxes.

Hearing Date: 2/4/08

Staff: Jeff Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

The federal Department of Energy (DOE) operates a weatherization assistance program (WAP) to assist low-income families who lack resources to invest in energy efficiency. The WAP was created in 1976. The WAP is operated in all 50 states. The funds provided by Congress, through the DOE, are used to improve the energy efficiency of low-income dwellings. The DOE distributes money to the states. In Washington, the Department of Community, Trade, and Economic Development (DCTED) administers the program. The DCTED, in turn, contracts with local governmental or nonprofit agencies to deliver weatherization services to low-income clients in their areas.

Typical weatherization services include installing insulation in walls, floors, and attics; reducing air infiltration and pressure imbalances; sealing and repairing ducts; and tuning and repairing

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heating and cooling units. Most of the services and materials related to weatherizing a home are subject to sales and use taxes.

Summary of Bill:

Tangible personal property and services used in the weatherization of residence under the Washington weatherization assistance program are exempt from sales and use tax.

Appropriation: None.

Fiscal Note: Requested on January 28, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.