

SENATE BILL REPORT

SHB 3120

As Reported By Senate Committee On:
Ways & Means, March 03, 2008

Title: An act relating to a sales and use tax exemption for environmentally certified residential and commercial construction.

Brief Description: Requiring a study on tax incentives to encourage green building.

Sponsors: House Committee on Finance (originally sponsored by Representatives Rolfes, Morrell, Liias and Williams).

Brief History: Passed House: 2/14/08, 93-1.

Committee Activity: Ways & Means:2/25/08, 3/3/08 [DPA, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Hatfield, Hobbs, Keiser, Kohl-Welles, Rasmussen, Regala, Roach, Rockefeller and Tom.

Minority Report: Do not pass.

Signed by Senator Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Carrell and Honeyford.

Staff: Dianne Criswell (786-7433)

Background: Sales tax is imposed on the retail sales of most items of tangible personal property and some services. The use tax is imposed on the privilege of using tangible personal property or services in instances where the sales tax does not apply. This includes purchases made from out of state sellers, purchases from sellers who are not required to collect Washington sales tax, items produced for use by the producer, gifts, and prizes. The tax is measured by the value of the item at the time of the first use within the state, excluding delivery charges. Use taxes are levied by the state, counties, and cities at the same rate as the sales tax. Combined state and local use tax rates vary from 7 to 8.9 percent, depending on location.

Summary of Bill (Recommended Amendments): A study of the effectiveness of tax incentives to encourage green building of residential, commercial, and public structures is

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mandated. By December 1, 2008 the Department of Community, Trade and Economic Development must report to the Legislature. The Department of Revenue is directed to provide tax-related data in support of the study.

The study must identify tax incentives to encourage the construction of energy-efficient building; propose new sales and use tax exemptions for construction activities and B&O tax incentives for contractors and architects; provide an estimate of the fiscal cost of any proposed incentives; and provide an estimate of the potential reduction in emission reductions and cost savings for green-built structures. Also, the study must consider other tax and programmatic policy changes to encourage green building and analyze current trends in this industry.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): Adds public buildings to the study. The report must include programmatic recommendations to encourage green building, in addition to tax incentives.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute Bill: PRO: This is a non-regulatory approach to move green building into the mainstream. This study will help identify what role the state can play in encouraging green building.

An amendment to add public buildings to this study would be welcome. Another amendment that would be appreciated is to add a provision to allow for a study of programmatic and expenditure changes that allow for the consideration of training to encourage green building.

Persons Testifying: PRO: Representative Rolfes, prime sponsor; Gordon Beck, Office of Superintendent for Public Instruction; Doug Levy, City of Puyallup.