
HOUSE BILL 3362

State of Washington 60th Legislature 2008 Regular Session

By Representative Kelley

Read first time 02/11/08. Referred to Committee on Finance.

1 AN ACT Relating to tax incentives to encourage businesses to
2 purchase highly energy efficient equipment; adding a new section to
3 chapter 82.04 RCW; creating a new section; providing an effective date;
4 and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

1 purchased, will be in use for ten to fifteen years; therefore, the more
2 energy efficient they are, the greater the energy and cost savings and
3 reductions in climate pollution.

4 Thus, the legislature intends to enact tax incentives as a means to
5 encourage Washington businesses to purchase certain high efficiency
6 appliances and equipment and to maximize the energy savings opportunity
7 available through increased and sustained market share of those
8 appliances and equipment.

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

11 (1) In computing the tax imposed under this chapter, a credit is
12 allowed in an amount equal to the state and local sales and use taxes
13 paid on the following items:

14 (a) Commercial freezers and refrigerators meeting consortium for
15 energy efficiency tier 2 specifications dated July 31, 2007;

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

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

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

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

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

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

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

31 (3) A credit earned during one calendar year may be carried over to
32 be credited against taxes incurred in a subsequent calendar year. No
33 refunds shall be granted for credits under this section.

34 (4) Credits are available on a first-in-time basis. The department
35 shall disallow any credits, or portion thereof, that would cause the
36 total amount of credits claimed statewide under this section in any
37 year to exceed seven hundred fifty thousand dollars. If the seven

1 hundred fifty thousand dollar limitation is reached, the department
2 shall provide written notice to any person that has claimed tax credits
3 after the seven hundred fifty thousand dollar limitation in this
4 subsection has been met. The notice shall indicate the amount of tax
5 due and shall provide that the tax be paid within thirty days from the
6 date of such notice. The department may not assess penalties and
7 interest as provided in chapter 82.32 RCW on the amount due in the
8 initial notice if the amount due is paid by the due date specified in
9 the notice, or any extension thereof.

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

14 (6) Credit may not be claimed under this section for the
15 acquisition of an item, listed in subsection (1) of this section,
16 before the effective date of this section.

17 (7) Credit may not be claimed under this section for the
18 acquisition of an item, listed in subsection (1) of this section, after
19 June 30, 2010.

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

22 (a)(i) "Commercial refrigerators and freezers" means refrigerators,
23 freezers, or refrigerator-freezers designed for use by commercial or
24 institutional facilities for the purpose of storing or merchandising
25 food products, beverages, or ice at specified temperatures that: (A)
26 Incorporate most components involved in the vapor-compression cycle and
27 the refrigerated compartment in a single cabinet; and (B) may be
28 configured with either solid or transparent doors as a reach-in
29 cabinet, pass-through cabinet, roll-in cabinet, or roll-through
30 cabinet.

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

37 (b) "Commercial clothes washer" means a soft mount horizontal or
38 vertical-axis clothes washer that: (i) Has a clothes container

1 compartment no greater than three and one-half cubic feet in the case
2 of a horizontal-axis product or no greater than four cubic feet in the
3 case of a vertical-axis product; and (ii) is designed for use by more
4 than one household, such as in multifamily housing, apartments, or coin
5 laundries.

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

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

14 (e) "Commercial open, deep-fat fryer" means an appliance, including
15 a cooking vessel, in which oil is placed to such a depth that the
16 cooking food is essentially supported by displacement of the cooking
17 fluid rather than by the bottom of the vessel. Heat is delivered to
18 the cooking fluid by means of an immersed electric element or band-
19 wrapped vessel (electric fryers), or by heat transfer from gas burners
20 through either the walls of the fryer or through tubes passing through
21 the cooking fluid (gas fryers).

22 (f) "Consortium" means the consortium for energy efficiency, a
23 United States nonprofit public benefits corporation that promotes the
24 manufacture and purchase of energy efficient products and services.
25 The consortium's members include utilities, statewide and regional
26 market transformation administrators, environmental groups, research
27 organizations, and state energy offices in the United States and
28 Canada.

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

36 (h) "Steam cooker" means a device with one or more food steaming
37 compartments, in which the energy in the steam is transferred to the

1 food by direct contact. Models may include countertop models, wall-
2 mounted models, and floor models mounted on a stand, pedestal, or
3 cabinet-style base.

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

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

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