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**SUBSTITUTE HOUSE BILL 1134**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** House Technology, Energy & Communications (originally sponsored by Representatives McCoy, Chase, Armstrong, Hinkle, Condotta, and Warnick)

READ FIRST TIME 02/06/09.

1           AN ACT Relating to creating customer rebates and public utility tax  
2 credits for light and power businesses and gas companies; adding new  
3 sections to chapter 82.16 RCW; creating a new section; and providing an  
4 expiration date.

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

6           NEW SECTION.   **Sec. 1.**   (1) The legislature finds that Washington's  
7 growing population and economy will put a strain on energy supplies and  
8 threaten the ability of the state to meet its climate policy goals  
9 unless specific steps are taken to reduce demand and utilize energy  
10 more efficiently. Water heating for domestic and industrial use relies  
11 almost entirely on electricity and natural gas and accounts for a  
12 significant percentage of the state's electrical and natural gas  
13 consumption. Solar water heating systems represent one of the largest  
14 untapped electricity and natural gas conservation potential remaining  
15 in Washington. The legislature finds that solar water heaters can  
16 provide half or more of the hot water needs in the average home, and  
17 reduce electric or natural gas consumption with free renewable energy  
18 from the sun.

1 (2) It is the intent of the legislature to facilitate the  
2 installation of solar water heating systems in homes and businesses by  
3 providing: (a) A rebate to customers who install solar water heating  
4 systems; and (b) a tax credit to the light and power business based on  
5 the amount of solar water heating systems installed by their customers.  
6 The rebate and tax credit will support energy conservation, save  
7 thousands of dollars in home heating costs, and preserve the  
8 environment. The legislature finds that the rebate and tax credit has  
9 broad application for the installation of solar water heating systems  
10 in urban, rural, business, and residential locations, as well as in any  
11 climate throughout the state.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW  
13 to read as follows:

14 (1) Beginning July 1, 2009, a light and power business or gas  
15 company may provide a rebate to its retail customers for the costs  
16 incurred by such customers in installing solar water heating systems in  
17 their home or business. The amount of the rebate must not be more  
18 than:

19 (a) Fifty percent of the total costs incurred by the customer for  
20 solar water heating systems manufactured outside of Washington; and

21 (b) Seventy-five percent of the total costs incurred by the  
22 customer for solar water heating systems manufactured in Washington.

23 (2) In determining the amount of the rebate, a light and power  
24 business or gas company must determine a tiered amount based on the  
25 efficiency of the solar water heating system.

26 (3)(a) For solar water heating systems manufactured outside of  
27 Washington, no individual, household, business, or local governmental  
28 entity is eligible for rebates for more than four thousand dollars per  
29 calendar year.

30 (b) For solar water heating systems manufactured in Washington, no  
31 individual, household, business, or local governmental entity is  
32 eligible for rebates for more than five thousand dollars per calendar  
33 year.

34 (4) In no event may the total amount of such rebates for each light  
35 and power business or gas company, during any calendar year, exceed the  
36 amount of the tax credit provided under section 3 of this act.

1 (5) For the purposes of this act, a solar water heating system  
2 must, at a minimum, have a solar rating and certification corporation  
3 (SRCC) certification as of July 1, 2009.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16 RCW  
5 to read as follows:

6 (1) Each light and power business or gas company must be allowed a  
7 credit against taxes due under this chapter in an amount up to fifty  
8 percent of rebates made in any calendar year under section 2 of this  
9 act.

10 (2) The credit must be taken in a form and manner as required by  
11 the department.

12 (3) The credit under this section for the calendar year may not  
13 exceed twenty-five one-hundredths of one percent of the businesses'  
14 taxable power sales due under RCW 82.16.020(1)(b) or fifty thousand  
15 dollars, whichever is greater.

16 (4) The credit may not exceed the tax that would otherwise be due  
17 under this chapter.

18 (5) Refunds may not be granted in the place of credits.

19 (6) Expenditures not used to earn a credit in one calendar fiscal  
20 year may not be used to earn a credit in subsequent years, except that  
21 this limitation does not apply to expenditures made between January 1,  
22 2009, and July 1, 2009, which expenditures may be used to earn a credit  
23 through December 31, 2009.

24 (7) The total amount of credits that may be used in any calendar  
25 year may not exceed one million dollars in any calendar year. If  
26 requests for the credit in section 2 of this act exceed the total  
27 amount of credits available, the credits must be reduced  
28 proportionally.

29 NEW SECTION. **Sec. 4.** This act expires December 31, 2012.

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