

# SENATE BILL REPORT

## SB 5526

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As of February 9, 2011

**Title:** An act relating to incentives for stirling converters.

**Brief Description:** Concerning incentives for stirling converters.

**Sponsors:** Senators Regala, Delvin, Eide, Zarelli, Murray, Pridemore, Holmquist Newbry, Morton, Hewitt, Chase, Honeyford, Fraser and McAuliffe.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 2/08/11.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** William Bridges (786-7416)

**Background:** Solar Energy Incentives. Beginning October 1, 2009, a preferential business and occupation (B&O) tax rate of 0.275 percent is provided to businesses that manufacture or sell at wholesale either (1) solar energy systems using photovoltaic modules; or (2) solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in the components of solar energy systems. The incentives expire on June 30, 2014.

Cost-Recovery Incentive Program for Renewable Energy Systems. The program promotes renewable energy systems located in Washington that produce electricity from solar, wind, or anaerobic digesters. An individual, business, or local government purchasing an eligible system may apply for an incentive payment from the electric utility serving the applicant. The incentive rate is \$0.15 a kilowatt-hour of energy produced. For community solar systems, the rate is \$0.30 a kilowatt-hour for energy produced. Applicants may also receive extra incentives for solar and wind systems using certain components manufactured in Washington. Payments are capped at \$5,000 annually per applicant.

A utility providing incentive payments is allowed a credit against its public utility tax (PUT) for incentives paid, limited to \$100,000 or 0.5 percent of its taxable power sales, whichever is greater. The Cost-recovery Incentive Program expires June 30, 2020.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Stirling Engine. A stirling engine is an external-combustion engine where heat from outside the cylinders causes confined air inside the cylinders to expand and drive pistons. It is named after Robert Stirling, a Scottish engineer who died in 1878.

**Summary of Bill:** Creating a B&O Incentive for Stirling Converters. Businesses manufacturing stirling converters are eligible to receive a B&O tax rate of 0.275 percent.

Including Stirling Converters in the Cost-Recovery Incentive Program for Renewable Energy Systems. Individuals, businesses, local governments, or community solar project participants that generate electricity from a stirling converter manufactured in Washington are eligible to receive an incentive payment for each kilowatt-hour produced. The incentive payment rate may be multiplied by a factor of 2.4.

Defining Terms and Making Technical Changes. A stirling converter is defined as a device that produces electricity by converting heat from a solar source using a stirling engine. Obsolete text and dates are removed.

**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:** PRO: The current solar incentives apply only to traditional solar panels. New solar technology has been developed and is being manufactured in the Tri-Cities. This bill will help retain those jobs, level the playing field with other solar technologies, and promote a one Washington.

**Persons Testifying:** PRO: Senator Regala, prime sponsor; Jerry Smedes, Infinia Corp.