
Finance Committee

HB 1705

Brief Description: Providing incentives for solar energy.

Sponsors: Representatives Haler, Pollet, Ryu, Roberts, Tharinger, Fey and Moscoso.

Brief Summary of Bill

- Extends the expiration date for the sales and use tax exemption for machinery and equipment used in generating electricity from solar energy for five years.
- Expands the exemption to include machinery and equipment used to produce thermal heat using solar energy.

Hearing Date: 2/25/13

Staff: Dominique Meyers (786-7150).

Background:

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products and some services. A retail sale is a sale to the final consumer or end user of the property, digital product or service. If retail sales taxes were not collected when the user acquired the property, digital products or services, then use taxes apply to the value of property, digital product or service when used in this state. The state, most cities and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.0 percent, depending on the location.

Solar Energy Sales and Use Tax Exemption.

A sales and use tax exemption is allowed for machinery and equipment used directly in generating electricity using solar energy. In addition, the exemption applies to the labor and services rendered in respect to installing exempt machinery and equipment. The facility using

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.

the machinery and equipment must generate no more than ten kilowatts of electricity to qualify for the exemption.

Summary of Bill:

The expiration date for the sales and use tax exemption for machinery and equipment used in facilities that generate electricity from solar energy is extended by five years to June 30, 2018.

Machinery and equipment used to produce thermal heat using solar energy also qualifies for a sales and use tax exemption. The facility using exempt machinery and equipment cannot produce more than three million British thermal units per day.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.