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SENATE BILL 6379

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State of Washington

60th Legislature

2008 Regular Session

By Senators Pridemore, Swecker, Rockefeller, Hobbs, Fairley, Marr, McDermott, Hewitt, Berkey, Hatfield, Rasmussen, Shin, Brandland, Kilmer, Regala, Kauffman, Kohl-Welles, Eide, Hargrove, Murray, Oemig, Kline, Haugen, Tom, Delvin, Sheldon, McAuliffe, and Keiser

Read first time 01/16/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to sales tax incentives for highly energy efficient  
2 appliances and equipment; adding new sections to chapter 82.08 RCW;  
3 adding new sections to chapter 82.12 RCW; creating a new section;  
4 providing an effective date; 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 and  
10 residents money, which in turn helps the state and local economy, as  
11 energy bill savings can be spent on local goods and services.  
12 Washington state and federal appliance standards passed since 2005 will  
13 produce about 80,000 metric tons of greenhouse gas emissions savings  
14 toward Washington's 2020 target. However, there are a number of  
15 commonly used large appliances and equipment on the market that are not  
16 subject to those standards. In addition, there are many new products  
17 on the market that are much more energy efficient than required by such  
18 standards, but because they may be more expensive than standard models,  
19 they represent only a small percentage of sales. Many large appliances

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

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

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW  
10 to read as follows:

11 (1) The tax levied by RCW 82.08.020 does not apply to sales of the  
12 following appliances and equipment:

13 (a) Refrigerators for residential use that meet the federal energy  
14 star standard in effect as of April 28, 2008;

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

17 (c) Gas or propane furnaces for residential use, which meet the  
18 federal energy star standard rating as of October 27, 2006, and that  
19 have an annual fuel utilization efficiency rating of ninety percent or  
20 higher;

21 (d) Oil furnaces for residential use, which meet the federal energy  
22 star standard rating as of October 1, 2008, and that have an annual  
23 fuel utilization efficiency rating of eighty-five percent or higher;

24 (e)(i) High efficiency air source heat pumps for residential use  
25 that have a heating seasonal performance factor of nine, a seasonal  
26 energy efficiency ratio of fifteen or greater, unless for a  
27 manufactured home.

28 (ii) If for a manufactured home, the heat pump must meet a heating  
29 seasonal performance factor of seven and one-half and a seasonal energy  
30 efficiency ratio of twelve or greater;

31 (f) Natural gas hot water or propane hot water heaters for  
32 residential use that have an energy factor of 0.62 or higher, a  
33 capacity of twenty to one hundred gallons of storage, and a maximum  
34 input of seventy-five thousand BTUs per hour, or an energy factor of  
35 0.82 or greater for an instantaneous model (tankless);

36 (g) Residential electric water heaters (tank type) with an energy  
37 factor of 0.91 (efficiency) or greater;

1 (h) High efficiency commercial clothes washers meeting consortium  
2 for energy efficiency specifications dated November 14, 2007;

3 (i) High efficiency clothes washers for residential use meeting  
4 tier 3 consortium for energy efficiency specifications dated January 1,  
5 2007;

6 (j) Commercial ice makers meeting consortium for energy efficiency  
7 specifications dated January 1, 2006;

8 (k) Commercial full-sized gas convection ovens with interior  
9 measurements of six cubic feet or larger;

10 (l) Commercial deep fat fryers which are rated energy star as of  
11 August 2003;

12 (m) Commercial hot food holding cabinets which are rated energy  
13 star as of August 2003; and

14 (n) Commercial electric and gas steam cookers, also known as  
15 compartment cookers, which are rated energy star as of August 2003.

16 (2) Sellers of the equipment and appliances under subsection (1) of  
17 this section must keep records necessary for the department to verify  
18 eligibility under this section.

19 (3) No later than July 1, 2008, the department must create and make  
20 available a detailed list, including brand names and model numbers, of  
21 all the appliances and equipment that meet the requirements of this  
22 section.

23 (4) The department of community, trade, and economic development  
24 must prepare and deliver a report to the legislature no later than  
25 December 30, 2010, assessing the overall energy and cost saving impacts  
26 of sections 1 through 7 of this act.

27 (5) The definitions in this subsection apply throughout this  
28 section, unless the context clearly requires otherwise:

29 (a) "Annual fuel utilization efficiency" means the measurement of  
30 the amount of fuel converted to space heat in proportion to the amount  
31 of fuel entering the furnace. This is commonly expressed as a  
32 percentage;

33 (b) "BTU" means British thermal unit, which is the quantity of heat  
34 required to raise one pound of water by one degree Fahrenheit;

35 (c) "Commercial refrigerators and freezers" means:

36 (i) Refrigerators, freezers, or refrigerator-freezers designed for  
37 use by commercial or institutional facilities for the purpose of  
38 storing or merchandising food products, beverages, or ice at specified

1 temperatures that: (A) Incorporate most components involved in the  
2 vapor-compression cycle and the refrigerated compartment in a single  
3 cabinet; and (B) may be configured with either solid or transparent  
4 doors as a reach-in cabinet, pass-through cabinet, roll-in cabinet, or  
5 roll-through cabinet.

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

12 (d) "Commercial clothes washer" means a soft mount horizontal or  
13 vertical-axis clothes washer that: (a) Has a clothes container  
14 compartment no greater than three and one-half cubic feet in the case  
15 of a horizontal-axis product or no greater than four cubic feet in the  
16 case of a vertical-axis product; and (b) is designed for use by more  
17 than one household, such as in multifamily housing, apartments, or coin  
18 laundries;

19 (e) "Commercial hot food holding cabinet" means an appliance that  
20 is designed to hold hot food at a specified temperature, which has been  
21 cooked using a separate appliance;

22 (f) "Commercial ice maker" means a factory-made assembly, not  
23 necessarily shipped in one package, consisting of a condensing unit and  
24 ice-making section operating as an integrated unit with means for  
25 making and harvesting ice. It may also include integrated components  
26 for storing or dispensing ice, or both;

27 (g) "Commercial open, deep-fat fryer" means an appliance, including  
28 a cooking vessel, in which oil is placed to such a depth that the  
29 cooking food is essentially supported by displacement of the cooking  
30 fluid rather than by the bottom of the vessel. Heat is delivered to  
31 the cooking fluid by means of an immersed electric element or  
32 band-wrapped vessel (electric fryers), or by heat transfer from gas  
33 burners through either the walls of the fryer or through tubes passing  
34 through the cooking fluid (gas fryers);

35 (h) "Compartment steamer" has the same meaning as a "steam cooker"  
36 in this section;

37 (i) "Consortium" means the consortium for energy efficiency, a  
38 United States nonprofit public benefits corporation that promotes the

1 manufacture and purchase of energy efficient products and services.  
2 The consortium's members include utilities, statewide and regional  
3 market transformation administrators, environmental groups, research  
4 organizations, and state energy offices in the United States and  
5 Canada;

6 (j) "Energy star" is an energy efficient product that meets the  
7 federal environmental protection agency's and federal department of  
8 energy's criteria for use of the energy star trademark label, or is in  
9 the upper twenty-five percent of efficiency for all similar products as  
10 designated by the federal energy management program. Energy star is a  
11 voluntary labeling program designed to identify and promote energy  
12 efficient products to reduce greenhouse gas emissions;

13 (k) "Energy efficiency ratio" is a measure of the instantaneous  
14 energy efficiency of cooling equipment. Energy efficiency ration is  
15 the steady-state rate of heat energy removal (e.g., cooling capacity)  
16 by the equipment in BTU per hour divided by the steady-state rate of  
17 energy input to the equipment in watts. This ratio is expressed in BTU  
18 per hour per watt;

19 (l) "Energy factor" means the measure of the overall, and not  
20 relative, energy efficiency and is computed based on total energy  
21 consumed by the appliance or equipment;

22 (m) "Furnace" means a heating unit with a heat input rate of less  
23 than two hundred twenty-five thousand BTUs per hour whose function is  
24 the combustion of fossil fuel for space heating with forced hot air.  
25 The heating unit must include a burner, heat exchanger, blower, and  
26 connections to heating ducts. A heating unit that meets this  
27 definition and also provides hot water for domestic or other use may be  
28 considered a furnace for purposes of this section;

29 (n) "Heating seasonal performance factor" means a measure of a heat  
30 pump's energy efficiency over one heating season. It represents the  
31 total heating output of a heat pump, including supplementary electric  
32 heat, during the normal heating season, measured in BTUs, as compared  
33 to the total electricity consumed in watt hours during the same period;

34 (o) "Heat pump" means one or more factory-made assemblies, which  
35 normally include an indoor conditioning coil, compressor, and outdoor  
36 coil, including means to provide a heating function and to provide the  
37 function of air heating with controlled temperature, and may include

1 the functions of air cooling, air circulation, air cleaning,  
2 dehumidifying, or humidifying;

3 (p) "Performance tested comfort system" means a heat pump program  
4 with standards developed by the Northwest power and conservation  
5 planning council regional technical forum;

6 (q) "Refrigerators for residential use" means refrigerators and  
7 refrigerator-freezers designed for storing food and beverages in  
8 noncommercial settings;

9 (r) "Seasonal energy efficiency ratio" means a measure of equipment  
10 energy efficiency over the cooling season. It represents the total  
11 cooling of a central air conditioner or heat pump in BTUs during the  
12 normal cooling season as compared to the total electric energy input in  
13 watt hours consumed during the same period; and

14 (s) "Steam cooker" means a device with one or more food steaming  
15 compartments, in which the energy in the steam is transferred to the  
16 food by direct contact. Models may include countertop models,  
17 wall-mounted models and floor models mounted on a stand, pedestal, or  
18 cabinet-style base.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW  
20 to read as follows:

21 (1) The provisions of this chapter do not apply to the use of labor  
22 and services rendered in respect to appliances and equipment listed  
23 under section 2(1) of this act.

24 (2) Sellers of labor and services under subsection (1) of this  
25 section must keep records necessary for the department to verify  
26 eligibility under this section.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW  
28 to read as follows:

29 (1) The tax levied by RCW 82.08.020 does not apply to sales of, or  
30 charges made for, labor and services associated with the following:

31 (a) Optimizing heat pump efficiency by testing and correcting for  
32 the proper amount of refrigerant charge and airflow when performed by  
33 contractors approved by the local electric or gas utility or certified  
34 by performance tested comfort system, or both; and

35 (b) Furnace duct testing and sealing performed by contractors

1 approved by the local electric or gas utility or certified by  
2 performance tested comfort system, or both.

3 (2) Sellers of the labor and services under subsection (1) of this  
4 section must keep records necessary for the department to verify  
5 eligibility under this section.

6 (3) No later than July 1, 2008, the department must create and make  
7 available a detailed list of approved contractors for performing labor  
8 services that meet the requirements of this section.

9 (4) The definitions in section 2 of this act apply to this section.

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW  
11 to read as follows:

12 (1) The provisions of this chapter do not apply to the use of labor  
13 and services associated with the following:

14 (a) Optimizing heat pump efficiency by testing and correcting for  
15 the proper amount of refrigerant charge and airflow; and

16 (b) Furnace duct testing and sealing performed by contractors  
17 approved by the local electric or gas utility or certified by  
18 performance tested comfort system, or both.

19 (2) Sellers of the labor and services under subsection (1) of this  
20 section must keep records necessary for the department to verify  
21 eligibility under this section.

22 (3) The definitions in section 2 of this act apply to this section.

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.08 RCW  
24 to read as follows:

25 The provisions of this chapter do not apply to sales of, or charges  
26 made for, labor and services rendered in respect to repairing,  
27 cleaning, altering, or improving the appliances and equipment listed  
28 under section 2(1) of this act.

29 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.12 RCW  
30 to read as follows:

31 The provisions of this chapter do not apply to the use of labor and  
32 services rendered in respect to repairing, cleaning, altering, or  
33 improving the appliances and equipment listed under section 2(1) of  
34 this act.

1        NEW SECTION.    **Sec. 8.**    This act takes effect July 1, 2008.

2        NEW SECTION.    **Sec. 9.**    This act expires June 30, 2010.

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