
SENATE BILL 6515

State of Washington 60th Legislature 2008 Regular Session

By Senators Pridemore, Murray, Kohl-Welles, Kastama, Kilmer,
Rasmussen, Kline, and Tom

Read first time 01/17/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to the taxation of energy savings performance
2 contracts; adding a new section to chapter 82.08 RCW; adding a new
3 section to chapter 82.12 RCW; creating a new section; and providing an
4 effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that conserving energy
7 in publicly owned buildings not only benefits Washington's overall
8 supply of energy, but also contributes to meeting the state's
9 greenhouse gas reduction goals. The legislature further finds that
10 taxpayers are the direct beneficiaries of energy and water conservation
11 in publicly owned buildings and reducing the cost of performance-based
12 energy contracts is a means by which municipalities can achieve even
13 greater levels of energy and water conservation. Although
14 municipalities and the state have been using energy savings performance
15 contracts since the mid-1980's, it is only since 2002 that the entire
16 scope of the contract has been subject to the sales and use tax.

17 Therefore, the legislature declares that it is the policy of the
18 state to exempt performance contracts from the sales and use tax.

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

3 (1) The tax levied by RCW 82.08.020 does not apply to performance-
4 based contracted energy equipment and services and energy management
5 systems.

6 (2) A person taking the exemption under this section must keep
7 records necessary for the department to verify eligibility under this
8 section. This exemption is available only when the buyer provides the
9 seller with an exemption certificate in a form and manner prescribed by
10 the department. The seller shall retain a copy of the certificate for
11 the seller's files.

12 (3) The definitions in this subsection apply throughout this
13 section unless the context clearly requires otherwise.

14 (a) "Energy equipment and services" has the same meaning provided
15 in RCW 39.35A.020.

16 (b) "Energy management system" has the same meaning provided in RCW
17 39.35.030.

18 (c) "Performance-based contract" has the same meaning provided in
19 RCW 39.35A.020.

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

22 (1) The tax levied by this chapter does not apply to performance-
23 based contracted energy equipment and services and energy management
24 systems.

25 (2) A person taking the exemption under this section must keep
26 records necessary for the department to verify eligibility under this
27 section. This exemption is available only when the buyer provides the
28 seller with an exemption certificate in a form and manner prescribed by
29 the department. The seller shall retain a copy of the certificate for
30 the seller's files.

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

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

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