



Solar Installers of Washington

Overview to Sales Tax Exemptions for Distributed Solar Within the the 100% Clean Electricity Law

Within Washington's 2019 [100% Clean Electricity Law](#) (E2SSB 5116), the Legislature waived local and state sales taxes for solar energy systems until Dec 31, 2029. Projects ≤100kW AC in size are eligible for a 100% sales tax exemption. Projects over 100kW AC in size are eligible for a tiered sales tax remittance structure.

- Projects ≤100kW AC: Simple 100% sales tax exemption offers new value for residential and small commercial solar.
- >100kW AC contains remittance tiers:
 - >100kW AC up to 500kW AC: 50% remittance
 - >500kW AC w/ prevailing wages: 75% remittance
 - >500kW AC w/ community workforce or project labor agreement: 100% remittance

Implementation Dates

- 1kW to 100kW AC: Exemptions for installation of qualifying machinery and equipment must commence no earlier than July 1, 2019
- >100kW AC: Remittance for installations of machinery and equipment that commence on or after January 1, 2020

Important Reminder: Many aspects remain uncertain regarding the July 1, 2019, start date. SIW is working hard to learn from agency rulemakers what can be claimed under the sales tax exemption and when.

Other items TBD in the rulemaking process, which has just begun, include:

- For all system sizes: define "labor and services" for all sales tax exemptions or remittances.
- For systems that are >100kW AC: The Dept. of Labor and Industries must adopt emergency and permanent rules by December 1, 2019, in order to define and set minimum requirements for all labor standards identified in subsection (1)(c); And set requirements for good faith efforts under subsection (1)(c)(i) and (ii) or the 50% and 75% tier sections.

What's in the rest of the law?

- David Roberts of **Vox** wrote an overview of the bill as it was passed out of the Legislature in April, "[A closer look at WA's superb new 100% clean electricity bill.](#)"
- The **Northwest Energy Coalition** wrote a succinct bill outline available on the grassroots [SolarStrongWA](#) website.

Thank you for your patience as SIW works through final details with state agencies.