



# Guide to Sales Tax Opportunities for Distributed Solar Within the 2019 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  $\leq 100$ kW AC in size are eligible for a 100% sales tax exemption, and projects over 100kW AC in size are eligible for a tiered sales tax remittance structure.

## **1kW to $\leq 100$ kW AC: 100% exemption requirements 1(e)(i):**

- Purchaser claiming an exemption must provide seller with an exemption certificate for the machinery and equipment and any associated installation labor and service costs.
- Additionally, the associated installation labor and service costs are only eligible for a sales tax exemption if the seller meets the following requirements at the time of the sale:
  - (A) Has obtained a certificate of registration in compliance w/ chapter 18.27 RCW
  - (B) Has obtained a current state unified business identifier
  - (C) Has proof of industrial insurance coverage for the contractor's employees working in Washington; employment security department number; and a state excise tax registration number; and
  - (D) Has no findings of violation of federal or state wage and hour laws and regulations in a final and binding order by an administrative agency or court in the past 24 months

## **>100kW AC tiers for sales tax remittances:**

The following remittance requirements apply to machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, or technology that converts otherwise lost energy from exhaust, as the principal source of power, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

### **50% Remittance [Sec. 18 (1)(c)(i)]**

- System Size Requirements:  $>100$  kW and  $\leq 500$  kW AC
- Labor Wage Requirements: None
- Purchase Requirements:
  - Procurement from:
    - women, minority, or veteran-owned business;
    - complies with wage and hours laws/regulations;
    - apprenticeship utilization; **AND**



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- preferred entry for workers living in the area where project is being constructed

OR

- Project developer / principal contractor demonstrates that it has made all good faith efforts to meet the standards but was unable to comply due to lack of availability of qualified businesses or local hires.

## **75% Remittance** [Sec. 18 (1)(c)(ii)]

- System Size Requirements: >500 kW AC
- Labor Wage Requirements: Workers compensated at Prevailing Wages
- Purchase Requirements: Same as above

## **100% Remittance** [Sec. 18 (1)(c)(iii)]

- System Size Requirements: >500 kW AC
- Labor Wage Requirements: Project developed under a Community Workforce Agreement or Project Labor Agreement
- Purchase Requirements: Same as above