



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JUNE 24, 2008

Energy Efficient Commercial Equipment - Sales Tax Incentive for Purchases

Beginning July 1, 2008, HB 3362 (Chapter 284, Laws of 2008) provides a business and occupation (B&O) tax credit for purchases of certain commercial appliances that are rated energy efficient by the Consortium for Energy Efficiency or the Energy Star Program. The amount of the credit is equal to 8.8 percent of the purchase price of qualifying energy efficient equipment purchased between July 1, 2008 and July 1, 2010.

Qualifications

To qualify for the credit, the business' gross income for the prior year must not exceed \$750,000.

How to apply the B&O tax credit

The credit must be applied to the business' B&O tax liability by completing the "Energy Efficient Commercial Appliance" addendum form. The addendum must be submitted with the excise tax return. Businesses must purchase the qualifying energy efficient commercial equipment between July 1, 2008 and June 30, 2010.

If an available credit earned during one calendar year is not fully applied, the credit may be carried over to next calendar year. A credit cannot be claimed against B&O taxes that are due before earning the credit.

Credit limitations

A statewide annual cap on the amount of credits granted to all taxpayers is limited to \$750,000. Credits are available on a first-in-time basis. The Department will disallow any credit that exceeds the statewide annual cap.

The Department will provide written notice to any business that has claimed the credit after the \$750,000 limitation has been met. The notice will indicate the amount of tax due and provide a due date within 30 days from the date of the notice.

Qualified equipment purchases

- Commercial freezers and refrigerators meeting the Consortium for Energy Efficiency's (Consortium) energy efficiency tier 2 specifications dated January 1, 2006. For information about specific products, the purchase of which qualifies for the B&O tax credit, visit <http://www.cee1.org>.
- High efficiency commercial clothes washers meeting the Consortium's specifications dated November 14, 2007. For information about specific products, the purchase of which qualifies for the B&O tax credit, visit <http://www.cee1.org>.
- Commercial ice makers meeting the Consortium's energy efficiency specifications dated January 1, 2006. For information about specific products, the purchase of which qualifies for the B&O tax credit, visit <http://www.cee1.org>.
- Commercial full-sized gas convection ovens with interior measurements of six cubic feet or larger.
- Commercial deep fat fryers which are rated energy star as of August 2003. For information about specific products, visit <http://www.energystar.gov>.
- Commercial hot food holding cabinets which are rated energy star as of August 2003. For information about specific products, visit: <http://www.energystar.gov>.

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To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.

- Commercial electric and gas steam cookers, also known as compartment cookers, which are rated energy star as of August 2003. For information about specific products, visit <http://www.energystar.gov>.

The following definitions apply:

- “Commercial refrigerators and freezers” means refrigerators, freezers or refrigerator-freezers designed for use by commercial or institutional facilities for the purpose of storing or merchandising food products, beverages or ice at specified temperatures that:
 - (A) incorporate most components involved in the vapor-compression cycle and the refrigerated compartment in a single cabinet; and
 - (B) may be configured with either solid or transparent doors as a reach-in cabinet, pass-through cabinet, roll-in cabinet, or roll-through cabinet.

“Commercial refrigerators and freezers” does not include:

- (A) products with 85 cubic feet or more of internal volume;
 - (B) walk-in refrigerators or freezers;
 - (C) consumer products that are federally regulated pursuant to Title 42 U.S.C. Sec. 6291 et seq.;
 - (D) products without doors; or
 - (E) freezers specifically designed for ice cream.
- “Commercial clothes washer” means a soft mount horizontal or vertical-axis clothes washer that:
 - (A) has a clothes container six compartment no greater than three and one-half cubic feet in the case of a horizontal-axis product or no greater than four cubic feet in the case of a vertical-axis product; and
 - (B) is designed for use by more than one household, such as in multifamily housing, apartments or coin laundries.
 - “Commercial hot food holding cabinet” means an appliance that is designed to hold hot food at a specified temperature, which has been cooked using a separate appliance.
 - “Commercial ice maker” means a factory-made assembly, not necessarily shipped in one package, consisting of a condensing unit and ice-making section operating as an integrated unit with means for making and harvesting ice. It may also include integrated components for storing or dispensing ice, or both.
 - “Commercial open, deep-fat fryer” means an appliance, including a cooking vessel, in which oil is placed to such a depth that the cooking food is essentially supported by displacement of the cooking fluid rather than by the bottom of the vessel. Heat is delivered to the cooking fluid by means of an immersed electric element or band-wrapped vessel (electric fryers) or by heat transfer from gas burners through either the walls of the fryer or through tubes passing through the cooking fluid (gas fryers).
 - “Steam cooker” means a device with one or more food steaming compartments, in which the energy in the steam is transferred to the food by direct contact. Models may include countertop models, wall-mounted models and floor models mounted on a stand, pedestal or cabinet-style base.
 - “Consortium” means the Consortium for Energy Efficiency, a United States nonprofit public benefits corporation that promotes the manufacture and purchase of energy efficient products and services. The Consortium’s members include utilities, statewide and regional market transformation administrators, environmental groups, research organizations, and state energy offices in the United States and Canada. For further information about the Consortium, visit <http://www.cee1.org>.
 - “Energy star” is an energy efficient product that meets the federal Environmental Protection Agency’s and Department of Energy’s criteria for use of the energy star trademark label or is in the upper 25 percent of efficiency for all similar products as designated by the federal energy management program. Energy Star is a voluntary labeling program designed to identify and promote energy efficient products to reduce greenhouse gas emissions. For further information about the Energy Star program, visit <http://www.energystar.gov>.

If you need assistance or have questions, please contact the Telephone Information Center at 1-800-647-7706.



Energy Efficient Commercial Equipment Credit Addendum

Business Name: _____ **Tax Registration Number:** _____ **Reporting Period:** _____

Please complete the worksheet below. Attach a copy of this worksheet to your Combined Excise Tax Return and transfer the total amount of credit taken this period, to the *Other Credits* line on page 2 of the return.

For more information about this credit, please call (360) 902-7035.

Type of Commercial Equipment	Make	Model	Purchase Price

1. Total amount spent on qualified highly energy efficient equipment since July 1, 2008.
(Include amounts reported on previous returns.) _____
2. The credit equals 8.8% of the purchase price. (Multiply line 1 by .088) _____
3. Enter credit previously taken. _____
4. Credit available for this return. (Subtract line 3 from line 2.)..... _____
5. **Total amount of credit taken this period (Amount cannot exceed your B&O liability.)** 750 _____
6. Amount of credit to be carried forward. (Subtract line 5 from line 4.) _____

Signature _____

Note: This information will be shared in the aggregate with the Department of Community, Trade and Economic Development (CTED) for legislative reporting.

Energy Efficient Commercial Equipment Credit

When is it effective?

- Businesses may begin taking the credit on the July 2008, Quarter 3, 2008, or Annual 2008 Combined Excise Tax Return based on their assigned filing period.
- The expiration date is July 1, 2010.

Who is eligible?

- A business with gross income less than \$750,000 in the prior calendar year.
- Businesses that purchase qualifying “Consortium for Energy Efficiency (CEE)” and “Energy Star” rated commercial equipment after July 1, 2008. www.cee1.org & www.energystar.gov

What is qualifying equipment?

- Commercial freezers and refrigerators (CEE, Tier 2)
- High efficiency commercial clothes washers (CEE, November 1, 2007)
- Commercial ice makers (CEE, January 1, 2006)
- Commercial full-sized gas convection ovens whose interior is six cubic feet or larger
- Commercial deep fat fryers (Energy Star, August 2003)
- Commercial hot food holding cabinets (Energy Star, August 2003)
- Commercial electric and gas steam cookers (Energy Star, August 2003)

What are the caps?

- \$750,000.00 per calendar year-statewide.
- A credit earned during one calendar year may be carried over to the subsequent calendar year.
- Credits are available on a first-in-time basis.
- Credit taken may not exceed your business and occupation tax for the period.

Need Help?

- Internet Assistance - Go to the Special Notice titled “Sales Tax Incentive for Purchases of Energy Efficient Commercial Equipment” online at dor.wa.gov.
- Telephone Assistance - Call the Department of Revenue Telephone Information Center at 1-800-647-7706.