



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 6, 2010

Renewable Energy Cost Recovery Incentive Program Modifications to Program

Background

Effective June 10, 2010, Engrossed Substitute Senate Bill 6658 (Chapter 202, Laws of 2010) amends RCW 82.16.110 through 82.16.140 and adds a new section to 82.16 regarding the renewable energy cost recovery incentive available to individuals, businesses, local government entities, and participants in a community solar project.

Under existing law, the incentive program provides a credit against public utility tax (PUT) liability to participating light and power businesses for amounts paid as incentives for community solar projects (CSPs) or renewable energy systems that produce customer-generated electricity. The maximum annual incentive payment is \$5,000. The maximum annual PUT credit that can be taken by a light and power business during a fiscal year is one percent of the business's taxable power sales or \$100,000, whichever is greater.

Summary of general bill changes

This bill makes general changes to the incentive program including:

- Requires that participating renewable energy systems must be located in Washington;
- Reduces the maximum annual PUT credit to the greater of one-half percent of a light and power business's taxable power sales or \$100,000; and
- Clarifies that the restriction on light and power businesses with greater than 1,000 megawatt hours of annual sales does not apply to those light and power businesses participating in a utility-owned CSP.

Summary of changes to community solar project provisions

The bill also makes the following changes to the CSP portion of the incentive program:

- Each member of a company-owned CSP is eligible for an incentive payment in proportion to each ownership share, up to \$5,000 per year. With respect to CSPs, a "company" means a limited liability company, a cooperative, or a mutual association.
- The eligibility of a CSP to receive incentive payments is limited to those CSPs capable of generating a maximum of 75 kilowatts of electricity.
- Incentive payments to participants in a company-owned CSP may only account for up to five percent of the total allowable light and power business's PUT credit.
- Owners of CSPs are allowed to appoint an owner as administrator.
- Requires that administrators and companies receiving CSP incentive payments to keep and preserve suitable records for five years to document the amount of payments received.

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- Except for utility-owned CSPs, CSP owners are required to hold the participating light and power business and its employees harmless for their good faith reliance on the information in an application or certification submitted by an administrator or company.

No incentive payments will be paid for kilowatt-hours generated after June 30, 2020.

**For more
information**

Contact the Department's Telephone Information Center at 1-800-647-7706. You can also visit our Tax Incentives page online at <http://dor.wa.gov>. Under "Quick Clicks," select "Tax incentive programs."