

Special Notice

Intended audience: Participating light and power or gas distribution businesses and eligible building owners

Dec. 8, 2020

Updated May 2022

Public utility tax credit for energy efficiency incentive payments

Effective July 1, 2021, a qualifying light and power or gas distribution business (qualifying utility) is allowed a public utility tax (PUT) credit for both the following:

- Incentives paid to eligible owners of covered commercial buildings and multifamily residential buildings for early adoption of new energy efficiency standards.
- A portion of the qualifying utility's administrative costs.

Light and power or gas distribution businesses

What is the credit?

A qualifying utility earns a PUT credit equal to the approved incentives paid to owners of tier 1 or tier 2 covered buildings in a calendar year, plus documented administrative costs.

The qualifying utility does not need to apply to the Department of Revenue (DOR) to receive the credit. When the PUT credit is applied to a public utility tax return, the utility will be eligible to complete a worksheet documenting administrative costs incurred. The administrative costs may qualify for additional credits not to exceed 8% of the incentives paid.

When must a qualifying utility use the credit?

The credit used is not to exceed the amount of PUT due and is not refundable. The credit must be applied in the calendar year in which it is earned or within the following two calendar years.

For example, the 2021 calendar year will begin with the program start date of July 1, 2021.

Example:

If your credit is earned during...	You can apply it during...
July 1, 2021 – Dec. 31, 2021	July 2021 – Dec. 2023
Jan. 1, 2022 – Dec. 31, 2022	Jan. 2022 – Dec. 2024

Building owners

How to apply for the incentive payment

Building owners must apply with the [Department of Commerce \(DOC\)](#). Once approved, building owners can receive incentive payments from participating qualifying utilities.

Beginning July 1, 2021, through June 1, 2027, an eligible tier 1 covered building owner may apply with DOC.

Beginning July 1, 2025, through June 1, 2030, an eligible tier 2 covered building owner may apply with DOC.

Definitions

Qualifying utility means a consumer-owned or investor owned gas or electric utility that serves more than 25,000 customers in the state of Washington.

Covered commercial includes a tier 1 covered building and a tier 2 covered building.

Tier 1 covered building means a building where the sum of nonresidential, hotel, motel, and dormitory floor areas exceeds fifty thousand gross square feet, excluding the parking garage area.

Tier 2 covered building means a building where the sum of multifamily residential, nonresidential, hotel, motel, and dormitory floor areas are twenty thousand to fifty thousand gross square feet, excluding the parking garage area. Tier 2 covered buildings also include multifamily residential buildings where floor areas are equal to or exceed fifty thousand square feet, excluding the parking garage area.

End date

The program expires June 30, 2032.

More information

[Department of Commerce – Clean Buildings Webpage](#)

[Department of Revenue – Incentives Webpage – Renewable Energy/Green Incentives](#)

[SSB 5722 – Buildings – energy management and benchmarking](#)

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For tax assistance or to request this document in an alternate format, visit dor.wa.gov or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

[RCW 19.27A.220 - State energy performance standard—Early adoption incentive program.](#)

Questions?

For questions about the credit, please call Taxpayer Account Administration at 360-705-6218.

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