

Memo

To: Haines Borough Energy & Sustainability Commissioners
From: Stephanie Scott, Energy & Sustainability Coordinator
Date: November 21, 2008
Re: Sales Tax Exemption for Renewable Energy Systems and Energy Efficient Devices
Agenda Item 8 (d)

Sales Tax Exemption or Rebate for Energy-Efficient Products and Renewable Energy Systems In Celebration of the Commission's First Energy Fair

I recommend that the Commission request the Haines Borough Assembly to provide for a sales tax exemption, rebate, or temporary holiday for energy efficient products and renewable energy systems to celebrate the Commission's first Energy Fair.

<p><u>Commission Action Recommended:</u> <i>Move to request the Assembly to adopt a resolution temporarily suspending sales tax for energy efficient products and renewable energy systems.</i></p>

Haines Borough Code 3.80.050(32) allows the Assembly to exempt sales from tax by resolution for a maximum of six weeks.

(32) Sales of any goods or services within the borough that are temporarily exempted by a resolution adopted by the assembly and sold during the specified exemption period not to exceed six consecutive months. (Ord. 05-09-123; Ord. 05-01-095; Ord. 04-07-073)

Many states and municipalities provide sales tax exemptions for energy efficient products and renewable energy systems. There are many models. DSIRE (Database of State Incentives for Renewable Energy) shows sales tax exemptions or rebates for renewable energy and energy efficient products in 27 states and Puerto Rico (<http://www.dsireusa.org/library/includes/type.cfm?EE=1&RE=1>).

Here are three scenarios to consider. For maximum impact, Assembly action should be scheduled to take place before Energy Fair so that retailers can plan to respond to what will hopefully amount to a small sales boom.

Resolution	Pro	Con
<p>Resolve to exempt vendors eligible to sell (according to Commission Rules) at the Energy Fair</p>	<p>Enticement to vendors.</p> <p>May encourage vendors to participate who might others feel that setting up a booth and hauling in product is just too much trouble.</p> <p>Benefit to Fair goes.</p> <p>Clear parameters to products/services that qualify. No confusion.</p> <p>Eliminates paperwork.</p>	<p>Very brief.</p> <p>Commission must establish a vendor committee and clear criteria for participation as a vendor.</p>
<p>Resolve to exempt energy efficient and renewable energy products and services for the week of the Energy Fair.</p>	<p>Retailers might respond by collecting qualified products in central location, thus establishing a display of energy efficient, renewable energy related products.</p> <p>Longer time period might make it worth a retailer's while to advertise, thus raising awareness of products and services.</p>	<p>Reprogramming computers might be onerous for retailers; adds to their work load.</p> <p>Confusion over what products and services qualify. Need to create a list of qualified products (add to Commission work load).</p>
<p>Resolve to provide for exemption for 6 months through a sales tax rebate program for energy efficient, renewable energy products/services.</p>	<p>Longer time period can let the idea 'soak' in, possibly capturing more interest and attention.</p> <p>No burden on retailers.</p>	<p>Adds to the workload for Borough staff.</p> <p>Requires creation of a "form."</p> <p>Requires creation of a list of qualified products and services.</p> <p>Requires residents to engage in bookkeeping: keep receipts and submit.</p>

A Resolution can be proposed and passed in one meeting. It must be on the agenda. The Assembly next meets December 9, then December 23.

Here are some examples of how different entities phrased or defined energy efficient products and renewable energy systems.

State	Focus	Language
Connecticut	Exemption for energy-efficient products	Equipment insulation, water heaters, furnaces, boilers, heat pumps, programmable thermostats, caulking/weather stripping, duct/air sealing, building insulation, windows, doors, battery chargers
Georgia	Energy Efficient Products	Energy efficient appliances, lighting, doors, and windows that meet or exceed the federal Energy Star requirements.
Missouri	Energy Efficient Appliances	Certain Energy Star certified new appliances up to \$1500 per appliance. Appliances include: clothes washers and dryers, water heaters, trash compactors, dishwashers, conventional ovens, ranges, and stoves, furnaces, refrigerators and freezers.
Connecticut	Weatherization products	Programmable thermostats, window film, caulking, window and door weather strips, insulation, water heater blankets, water heaters, natural gas and propane furnaces and boilers that meet the federal Energy Star standard; windows and doors that meet the federal Energy Star standard, oil furnaces and boilers that are at least 84% efficient, ground source heat pumps that meet the minimum federal energy efficiency rating.
South Carolina	Energy Efficient Appliances	Any dishwasher, clothes washer, air conditioner, ceiling fan, fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or window, the energy efficiency of

		which has been designated by the US Environmental Protection Agency and the US Department of Energy as meeting or exceeding the agencies' energy-saving efficiency requirements.
Colorado	Exemption for renewable energy systems	Renewable energy property is defined as "any fixture, product, system, device, or interacting group of devices that produce electricity from renewable resources.
Florida	Renewable Energy Equipment	Equipment, machinery, and other materials for renewable energy technologies.
Massachusetts	Renewable Energy Equipment	Equipment directly relating to any solar, wind powered, or heat pump system, which is being utilized as a primary or auxiliary power system for the purpose of heating or otherwise supplying the energy needs of an individual's principal residence in the commonwealth.
Vermont	Renewable Energy Systems	Available for grid-tied and off-grid systems. Renewable energy is defined as energy produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate.
Washington	Renewable Energy systems	Systems must have a generating capacity of at least 200 watts.

Resolution 08-11- _____

A Resolution of the Haines Borough Assembly to Authorize the Temporary Suspension of Consumer Sales Tax on Energy Efficiency and Renewable Energy Products and Services Purchased. (at the Haines Energy & Sustainability Energy Fair, January....., 2009; within the Haines Borough from January , 2009 – January ___, 2009)

Whereas the Haines Borough levies 4.0% sales tax area wide and an additional 1.5% sales tax within the Townsite Service Area on all products and services related to energy efficiency and renewable energy; and

Whereas the Haines Borough Assembly is committed to assisting residents reduce the cost of energy and reliance on fossil fuels; and

Whereas the Haines Borough Assembly recognizes that the cost of acquiring energy efficient devices and renewable energy infrastructure can inhibit initial investment in energy efficient and renewable energy infrastructure; and

Whereas, the Haines Borough Assembly wishes to encourage residents to acquire needed energy efficient and renewable energy devices, appliances, and infrastructure, and retailers to supply what is required

Whereas, the Haines Borough has the authority to temporarily suspend sales tax on specific goods and services (HBC 3.80.050(32));

Therefore, be it resolved, that the Haines Borough Assembly does hereby authorize the temporary suspension of consumer sales tax at 5.5% on all sales of energy efficiency products and renewable systems and services within (state place) from (state period of time).

Adopted by a duly constituted quorum of the Haines Borough Assembly on the ____ day of _____, _____.