

Special Notice

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

Dec. 8, 2020

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 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. DOR will automatically issue PUT credits to an eligible taxpayer's account based on information it receives from the Department of Commerce. When the PUT credit is applied on 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. The 2021 calendar year will begin with the program start date of July 1, 2021.

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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.

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.

Beginning July 1, 2021, applications for incentive payments must be submitted to the Department of Commerce. Once approved, building owners will receive incentive payments from qualifying utilities. See the [Department of Commerce website](#) for more information regarding this incentive program.

How to determine the incentive payment amount.

An eligible building owner that demonstrates early compliance with the applicable energy efficiency standards may receive a base incentive payment of \$0.85 cents per gross square foot of floor area, excluding parking, unconditioned, or semi-conditioned spaces.

Program cap and termination

Total incentive payments paid to all building owners are not to exceed \$75 million over the course of the program. The program expiration date is June 30, 2032.

Definitions

Qualifying utility means a consumer-owned or investor owned gas or electric utility that serves more than twenty-five thousand customers in the state of Washington.

Covered commercial 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.

More information

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

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

[Engrossed Third Substitute House Bill 1257](#)

[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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