

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



L. JOYCE HAMPERS
COMMISSIONER

August 28, 1980

(Your company) manufactures an air-to-air heat exchanger which transfers heat by conduction through a plastic sheet from warm air being exhausted out of a structure into cooler fresh air being drawn in for ventilation. The purpose of the exchanger is to retain some heat that would otherwise be lost with the exhaust air.

The heat exchanger uses no compressor and contains no refrigerant. In its several models, it may be used in connection with residential structures, commercial and industrial buildings, greenhouses, indoor swimming pools and housing for animals. You inquire whether expenditures for such heat exchangers are entitled to special treatment under the Massachusetts tax laws.

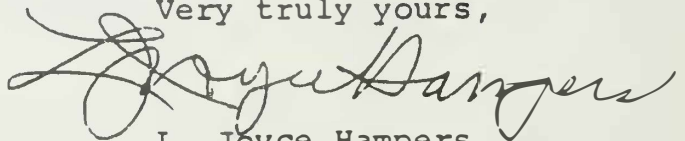
Massachusetts General Laws Chapter 62, Section 6(d) allows a credit against income tax for certain renewable energy source property expenditures made in connection with a person's principal residence in Massachusetts. To qualify for the credit, expenditures must be for property which transmits or uses solar energy, wind energy, or another form of energy specified by the Commissioner by regulation, for purposes enumerated in Section 6(d). To date, no form of energy other than solar or wind has been specified as qualifying for the credit.

The Massachusetts sales tax statute provides in Chapter 64H, Section 6(dd) that sales of 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 Massachusetts, are exempt from the sales tax.

Based on the foregoing, it is ruled that:

- (1) the air-to-air heat exchanger is not eligible for the income tax credit provided under Chapter 62, Section 6(d); and
- (2) since it operates without the use of a refrigerant and compressor, the air-to-air heat exchanger does not constitute a "heat pump system" the sale of which is exempt from Massachusetts sales tax under Chapter 64H, Section 6(dd).

Very truly yours,



L. Joyce Hampers
Commissioner of Revenue

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