

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



L. JOYCE HAMPERS
COMMISSIONER

September 15, 1982

("Company") sells components of its solar water heating system ("System") to dealers who assemble and install the System for their customers. You inquire whether the Company's sales of the components to the dealers are exempt from the Massachusetts sales tax.

The System is designed for residential use and comprises the following elements: solar collectors that are mounted on the roof of a home, mounting frames and hardware, piping and other fluid transfer components, and a heat exchanger incorporating two electrically-operated pumps and water temperature sensors. A conventional water heater and tank and an auxiliary tank ordinarily are used in connection with the System. It is assumed that the conventional water heater and tank are not among the components that the Company sells to the dealers.

When the System is in use, "solar fluid" is pumped through the collectors, where it is heated by the sun. The fluid then passes through the piping to the heat exchanger, where some of its heat is transferred to household water circulating through the exchanger from the auxiliary tank. The cooled solar fluid is then recirculated to the collectors, and the heated water is pumped back to the tank for household use.

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The conventional water heating system is used as a back-up source of hot water for periods during which solar energy is insufficient.

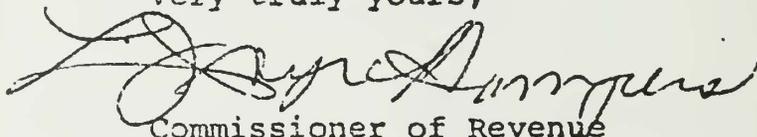
Massachusetts General Laws Chapter 64H, Section 6(dd) exempts from the sales tax

"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 the commonwealth."

Based on the foregoing, it is ruled that the Company's sales to dealers of the components of the System (not including the conventional water heater and tank) are exempt from the Massachusetts sales tax if purchased for use in an individual's principal residence in Massachusetts.

Form ST-12A (Exempt Use Certificate For Alternate Energy Equipment Only) must be completed with respect to each purchase of exempt solar water heater components.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jayne A. Simpson".

Commissioner of Revenue

LJH:JXD:mf

LR 82-87