
SUBSTITUTE HOUSE BILL 2130

State of Washington

61st Legislature

2009 Regular Session

By House Technology, Energy & Communications (originally sponsored by Representatives Probst, Jacks, Morris, Morrell, Kenney, Conway, and Ormsby)

READ FIRST TIME 02/20/09.

1 AN ACT Relating to tax incentives for renewable energy
2 manufacturing facilities; amending RCW 82.32.5351; adding a new section
3 to chapter 82.04 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the welfare of
6 the people of the state of Washington is positively impacted through
7 the encouragement and expansion of key growth industries in the state.
8 The legislature further finds that targeting tax incentives to focus on
9 key growth industries is an important strategy to enhance the state's
10 business climate. A key area of growth is those industries associated
11 with the green economy and in specific renewable energy manufacturing.
12 The state has the necessary infrastructure, supporting industries, and
13 skilled labor force to support renewable energy manufacturing. It is
14 of great concern that businesses in this sector have been increasingly
15 expanding and locating their operations elsewhere. Additional
16 incentives for the renewable energy industry are needed in recognition
17 of the unique forces and issues involved in business decisions in this
18 industry. Tax incentives for the sector are important in both
19 retention and expansion of existing business and attraction of new

1 businesses, all of which will strengthen this growth industry within
2 our state, will create jobs, and will bring many indirect benefits to
3 the state.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
5 to read as follows:

6 (1) In computing the tax imposed under this chapter, a fifty
7 percent credit is allowed for each dollar of capital invested in
8 renewable energy manufacturing expenditures, up to a maximum of twenty
9 million dollars of credit.

10 (2) The total amount of credits allowed under this section in any
11 year for a project may not exceed four million dollars. A maximum of
12 forty million dollars of credits may be issued per year statewide.
13 Credits are allowed on a first-in-time basis. The department shall
14 disallow any credits, or portion thereof, that would cause the total
15 amount of credits claimed statewide under this section in any year to
16 exceed forty million dollars per year. No refunds shall be granted for
17 credits under this section.

18 (3) A person may sell or otherwise transfer the economic value of
19 any credit provided in this section for a renewable energy
20 manufacturing expenditure at a rate equal to seventy percent of the
21 total amount of credit being sold or transferred. The buyer may apply
22 the full value of the credits being purchased to satisfy the tax
23 otherwise due under this chapter for the tax reporting period. The
24 buyer may not seek a refund for any credits purchased in excess of
25 their tax liability due under this chapter.

26 (4) The department of revenue, in coordination with the department
27 of community, trade, and economic development, may adopt rules to
28 implement this section, including rules that provide a formulary method
29 of determining allowable credits and specify how credits may be sold,
30 transferred, and tracked.

31 (5) The definitions in this subsection apply throughout this
32 section:

33 (a) "Renewable energy manufacturing expenditures" means
34 expenditures for:

35 (i) Land that includes a renewable energy manufacturing facility;

36 (ii) Machinery and equipment used in or integral to a renewable
37 energy manufacturing facility; and

1 (iii) Tangible personal property and labor and services used in the
2 construction, expansion, or reconstruction of a renewable energy
3 manufacturing facility.

4 (b) "Renewable energy manufacturing facility" means a facility
5 predominantly used for manufacturing raw materials, components, or
6 equipment for solar, wind, bioenergy, or geothermal energy systems.

7 (6) A person taking the credit under this section must report as
8 required under RCW 82.32.535.

9 (7) Credits may be carried forward until used; however, no credit
10 may be earned under this section on or after July 1, 2014.

11 **Sec. 3.** RCW 82.32.5351 and 2006 c 84 s 5 are each amended to read
12 as follows:

13 (1) The legislature finds that accountability and effectiveness are
14 important aspects of setting tax policy. In order to make policy
15 choices regarding the best use of limited state resources the
16 legislature needs information on how a tax incentive is used.

17 (2)(a) A person who reports taxes under RCW 82.04.2404 or who
18 claims an exemption or credit under RCW 82.08.9651, section 2 of this
19 act, and 82.12.9651 shall make a complete annual report to the
20 department detailing employment, wages, and employer-provided health
21 and retirement benefits per job at the manufacturing site. The report
22 shall not include names of employees. The report shall also detail
23 employment by the total number of full-time, part-time, and temporary
24 positions. The first report filed under this subsection shall include
25 employment, wage, and benefit information for the twelve-month period
26 immediately before first use of a preferential tax rate under RCW
27 82.04.2404, or tax exemption or credit under RCW 82.08.9651, section 2
28 of this act, and 82.12.9651. The report is due by April 30th following
29 any year in which a preferential tax rate under RCW 82.04.2404 is used,
30 or tax exemption or credit under RCW 82.08.9651, section 2 of this act,
31 and 82.12.9651 is taken. The department may extend the due date for
32 timely filing annual reports under this section as provided in RCW
33 82.32.590. This information is not subject to the confidentiality
34 provisions of RCW 82.32.330 and may be disclosed to the public upon
35 request.

36 (b) If a person fails to submit a complete annual report under (a)
37 of this subsection by the due date of the report or any extension under

1 RCW 82.32.590, the department shall declare the amount of taxes
2 exempted or credited, or reduced in the case of the preferential
3 business and occupation tax rate, for that year to be immediately due
4 and payable. Excise taxes payable under this subsection are subject to
5 interest but not penalties, as provided under this chapter. This
6 information is not subject to the confidentiality provisions of RCW
7 82.32.330 and may be disclosed to the public upon request.

8 (3) By November 1st of the year occurring five years after December
9 1, 2006, and November 1st of the year occurring eleven years after
10 December 1, 2006, the fiscal committees of the house of representatives
11 and the senate, in consultation with the department, shall report to
12 the legislature on the effectiveness of chapter 84, Laws of 2006 in
13 regard to keeping Washington competitive. The report shall measure the
14 effect of chapter 84, Laws of 2006 on job retention, net jobs created
15 for Washington residents, company growth, diversification of the
16 state's economy, cluster dynamics, and other factors as the committees
17 select. The reports shall include a discussion of principles to apply
18 in evaluating whether the legislature should reenact any or all of the
19 tax preferences in chapter 84, Laws of 2006.

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