
SUBSTITUTE SENATE BILL 6012

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hawkins and Palumbo)

READ FIRST TIME 04/22/19.

1 AN ACT Relating to promoting renewable energy through modifying
2 tax incentives; amending RCW 82.08.962, 82.12.962, and 82.14.455;
3 creating a new section; and providing expiration dates.

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

5 **Sec. 1.** RCW 82.08.962 and 2018 c 164 s 5 are each amended to
6 read as follows:

7 (1) (a) (~~Except as provided in RCW 82.08.963,~~) Purchasers who
8 have paid the tax imposed by RCW 82.08.020 on machinery and equipment
9 used directly in generating electricity using fuel cells, wind,
10 water, sun, biomass energy, tidal or wave energy, geothermal
11 resources, or technology that converts otherwise lost energy from
12 exhaust, as the principal source of power, or to sales of or charges
13 made for labor and services rendered in respect to installing such
14 machinery and equipment, are eligible for an exemption as provided in
15 this section, but only if the purchaser develops with such machinery,
16 equipment, and labor a facility capable of generating not less than
17 one thousand watts of electricity.

18 (b) Beginning on July 1, 2011, through January 1, ((2020)) 2030,
19 the amount of the exemption under this subsection (1) is equal to
20 seventy-five percent of the state and local sales tax paid. The

1 purchaser is eligible for an exemption under this subsection (1)(b)
2 in the form of a remittance.

3 (2) For purposes of this section and RCW 82.12.962, the following
4 definitions apply:

5 (a) "Biomass energy" includes: (i) By-products of pulping and
6 wood manufacturing process; (ii) animal waste; (iii) solid organic
7 fuels from wood; (iv) forest or field residues; (v) wooden demolition
8 or construction debris; (vi) food waste; (vii) liquors derived from
9 algae and other sources; (viii) dedicated energy crops; (ix)
10 biosolids; and (x) yard waste. "Biomass energy" does not include wood
11 pieces that have been treated with chemical preservatives such as
12 creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old
13 growth forests; or municipal solid waste.

14 (b) "Fuel cell" means an electrochemical reaction that generates
15 electricity by combining atoms of hydrogen and oxygen in the presence
16 of a catalyst.

17 (c)(i) "Machinery and equipment" means fixtures, devices, and
18 support facilities that are integral and necessary to the generation
19 of electricity using fuel cells, wind, water, sun, biomass energy,
20 tidal or wave energy, geothermal resources, or technology that
21 converts otherwise lost energy from exhaust.

22 (ii) "Machinery and equipment" does not include: (A) Hand-powered
23 tools; (B) property with a useful life of less than one year; (C)
24 repair parts required to restore machinery and equipment to normal
25 working order; (D) replacement parts that do not increase
26 productivity, improve efficiency, or extend the useful life of
27 machinery and equipment; (E) buildings; or (F) building fixtures that
28 are not integral and necessary to the generation of electricity that
29 are permanently affixed to and become a physical part of a building.

30 (iii) For purposes of machinery and equipment that generate
31 electricity using water, "machinery and equipment" only includes
32 replacement parts that increase the electricity output of the
33 facility.

34 (3)(a) Machinery and equipment is "used directly" in generating
35 electricity by wind energy, hydropower energy, solar energy, biomass
36 energy, tidal or wave energy, geothermal resources, or technology
37 that converts otherwise lost energy from exhaust if it provides any
38 part of the process that captures the energy of the wind, water, sun,
39 biomass energy, tidal or wave energy, geothermal resources, or
40 technology that converts otherwise lost energy from exhaust, converts

1 that energy to electricity, and stores, transforms, or transmits that
2 electricity for entry into or operation in parallel with electric
3 transmission and distribution systems.

4 (b) Machinery and equipment is "used directly" in generating
5 electricity by fuel cells if it provides any part of the process that
6 captures the energy of the fuel, converts that energy to electricity,
7 and stores, transforms, or transmits that electricity for entry into
8 or operation in parallel with electric transmission and distribution
9 systems.

10 (4) (a) A purchaser claiming an exemption in the form of a
11 remittance under subsection (1)(b) of this section must pay the tax
12 imposed by RCW 82.08.020 and all applicable local sales taxes imposed
13 under the authority of chapters 82.14 and 81.104 RCW. The purchaser
14 may then apply to the department for remittance in a form and manner
15 prescribed by the department. A purchaser may not apply for a
16 remittance under this section more frequently than once per quarter.
17 The purchaser must specify the amount of exempted tax claimed and the
18 qualifying purchases for which the exemption is claimed. The
19 purchaser must retain, in adequate detail, records to enable the
20 department to determine whether the purchaser is entitled to an
21 exemption under this section, including: Invoices; proof of tax paid;
22 and documents describing the machinery and equipment.

23 (b) The department must determine eligibility under this section
24 based on the information provided by the purchaser, which is subject
25 to audit verification by the department. The department must on a
26 quarterly basis remit exempted amounts to qualifying purchasers who
27 submitted applications during the previous quarter.

28 (5) The exemption provided by this section expires September 30,
29 2017, as it applies to: (a) Machinery and equipment that is used
30 directly in the generation of electricity using solar energy and
31 capable of generating no more than five hundred kilowatts of
32 electricity; or (b) sales of or charges made for labor and services
33 rendered in respect to installing such machinery and equipment.

34 (6) The exemption provided by this section for machinery and
35 equipment used directly in generating electricity from water does not
36 apply to local sales and use taxes imposed under chapter 82.14 RCW.

37 (7) This section expires January 1, ((2020)) 2030.

38 **Sec. 2.** RCW 82.12.962 and 2018 c 164 s 7 are each amended to
39 read as follows:

1 (1) (a) (~~Except as provided in RCW 82.12.963,~~) Consumers who
2 have paid the tax imposed by RCW 82.12.020 on machinery and equipment
3 used directly in generating electricity using fuel cells, wind,
4 water, sun, biomass energy, tidal or wave energy, geothermal
5 resources, or technology that converts otherwise lost energy from
6 exhaust, or to sales of or charges made for labor and services
7 rendered in respect to installing such machinery and equipment, are
8 eligible for an exemption as provided in this section, but only if
9 the purchaser develops with such machinery, equipment, and labor a
10 facility capable of generating not less than one thousand watts of
11 electricity.

12 (b) Beginning on July 1, 2011, through January 1, (~~2020~~) 2030,
13 the amount of the exemption under this subsection (1) is equal to
14 seventy-five percent of the state and local sales tax paid. The
15 consumer is eligible for an exemption under this subsection (1)(b) in
16 the form of a remittance.

17 (2) (a) A person claiming an exemption in the form of a remittance
18 under subsection (1)(b) of this section must pay the tax imposed by
19 RCW 82.12.020 and all applicable local use taxes imposed under the
20 authority of chapters 82.14 and 81.104 RCW. The consumer may then
21 apply to the department for remittance in a form and manner
22 prescribed by the department. A consumer may not apply for a
23 remittance under this section more frequently than once per quarter.
24 The consumer must specify the amount of exempted tax claimed and the
25 qualifying purchases or acquisitions for which the exemption is
26 claimed. The consumer must retain, in adequate detail, records to
27 enable the department to determine whether the consumer is entitled
28 to an exemption under this section, including: Invoices; proof of tax
29 paid; and documents describing the machinery and equipment.

30 (b) The department must determine eligibility under this section
31 based on the information provided by the consumer, which is subject
32 to audit verification by the department. The department must on a
33 quarterly basis remit exempted amounts to qualifying consumers who
34 submitted applications during the previous quarter.

35 (3) Purchases exempt under RCW 82.08.962 are also exempt from the
36 tax imposed under RCW 82.12.020.

37 (4) The definitions in RCW 82.08.962 apply to this section.

38 (5) The exemption provided in subsection (1) of this section does
39 not apply:

1 (a) To machinery and equipment used directly in the generation of
2 electricity using solar energy and capable of generating no more than
3 five hundred kilowatts of electricity, or to sales of or charges made
4 for labor and services rendered in respect to installing such
5 machinery and equipment, when first use within this state of such
6 machinery and equipment, or labor and services, occurs after
7 September 30, 2017; and

8 (b) To any other machinery and equipment described in subsection
9 (1)(a) of this section, or to sales of or charges made for labor and
10 services rendered in respect to installing such machinery or
11 equipment, when first use within this state of such machinery and
12 equipment, or labor and services, occurs after December 31, 2019.

13 (6) The exemption provided by this section for machinery and
14 equipment used directly in generating electricity from water does not
15 apply to local sales and use taxes imposed under chapter 82.14 RCW.

16 (7) This section expires January 1, ((2020)) 2030.

17 **Sec. 3.** RCW 82.14.455 and 2009 c 469 s 105 are each amended to
18 read as follows:

19 (1) Except as provided otherwise in subsection (2) of this
20 section, the exemptions in RCW 82.08.962, 82.12.962, 82.08.963, and
21 82.12.963 are for the state and local sales and use taxes and include
22 the sales and use taxes imposed under the authority of this chapter.

23 (2) Machinery and equipment used directly in generating
24 electricity using water are not exempt from the local sales and use
25 taxes imposed under the authority of this chapter.

26 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.808 do not
27 apply to this act.

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