
HOUSE BILL 2245

State of Washington

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2001 Regular Session

By Representatives Anderson, Pflug, Crouse, Cairnes, Bush, DeBolt, B. Chandler, Mielke, D. Schmidt, Delvin, Casada, Esser, McMorris and Pennington

Read first time . Referred to Committee on .

1 AN ACT Relating to providing tax incentives to promote the
2 production and distribution of electricity from alternative sources of
3 energy; amending RCW 82.08.02567 and 82.12.02567; adding a new section
4 to chapter 82.16 RCW; creating a new section; and providing expiration
5 dates.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
8 encourage and expand the commercial generation of electrical power from
9 alternative energy sources to meet the long-term energy needs of the
10 state. It is the further intent that incentives provided by the state
11 encourage free-market principles that foster technological innovation
12 and entrepreneurial investment in alternative energy sources. This
13 intent is best served by encouraging commercially viable, independent
14 generators of alternative energy-based electrical power to provide such
15 power to established utility distribution networks, including investor-
16 owned utilities and public utility districts.

17 It is also the intent of the legislature that, to promote the use
18 of alternative energy sources for the purpose of electrical generation,
19 tax incentives should be provided in RCW 82.08.02567 and 82.12.02567

1 for the acquisition of certain machinery and equipment to all
2 qualifying sectors of the state economy, including industrial,
3 commercial, and residential.

4 **Sec. 2.** RCW 82.08.02567 and 1999 c 358 s 4 are each amended to
5 read as follows:

6 (1) The tax levied by RCW 82.08.020 shall not apply to sales of
7 machinery and equipment used directly in generating electricity (~~using~~
8 ~~wind, sun, or landfill gas~~), by central station generation using
9 renewable resources or by distributive generation, as the principal
10 source of power, or to sales of or charges made for labor and services
11 rendered in respect to installing such machinery and equipment (~~(, but~~
12 ~~only if the purchaser develops with such machinery, equipment, and~~
13 ~~labor a facility capable of generating not less than two hundred~~
14 ~~kilowatts of electricity and provides)~~). The purchaser must provide
15 the seller with an exemption certificate in a form and manner
16 prescribed by the department (~~(by rule)~~). The seller shall retain a
17 copy of the certificate for the seller's files.

18 (2) For purposes of this section and RCW 82.12.02567:

19 (a) (~~("Landfill gas" means biomass fuel of the type qualified for~~
20 ~~federal tax credits under 26 U.S.C. Sec. 29 collected from a landfill.~~
21 ~~"Landfill" means a landfill as defined under RCW 70.95.030)~~) "Renewable
22 resources" has the same meaning as provided in RCW 19.29A.010(26);

23 (b) "Machinery and equipment" means industrial fixtures, devices,
24 and support facilities that are integral and necessary to the
25 generation of electricity (~~using wind, sun, or landfill gas~~), by
26 central station generation using renewable resources or by distributive
27 generation, as the principal source of power;

28 (c) "Machinery and equipment" does not include: (i) Hand-powered
29 tools; (ii) property with a useful life of less than one year; (iii)
30 repair parts required to restore machinery and equipment to normal
31 working order; (iv) replacement parts that do not increase
32 productivity, improve efficiency, or extend the useful life of
33 machinery and equipment; (v) buildings; or (vi) building fixtures that
34 are not integral and necessary to the generation of electricity that
35 are permanently affixed to and become a physical part of a building;

36 (d) Machinery and equipment is "used directly" in generating
37 electricity (~~(by wind energy, solar, or landfill gas power)~~) if it
38 provides any part of the process that (~~(captures the energy of the~~

1 ~~wind, sun, or landfill gas, converts that energy to electricity, and~~
2 ~~transforms or transmits that electricity for entry into electric~~
3 ~~transmission and distribution systems)) produces electricity by central~~
4 station generation using renewable resources or by distributive
5 generation;

6 (e) "Fuel cell" means an electrochemical reaction that generates
7 electricity by combining atoms of hydrogen and oxygen in the presence
8 of a catalyst;

9 (f) "Principal source of power" means electricity that is generated
10 to meet no less than fifty percent of total average electrical load of
11 a facility;

12 (g) "Distributive generation" means the generation of electricity
13 from an integrated or stand-alone power plant that has a capacity of
14 fifty megawatts or less, that generates electricity from wind energy,
15 solar energy, or fuel cells, and that stores, transforms, or transmits
16 that electricity for entry into or operation in parallel with electric
17 transmission and distribution systems.

18 (3) This section expires June 30, ((2005)) 2016.

19 **Sec. 3.** RCW 82.12.02567 and 1999 c 358 s 10 are each amended to
20 read as follows:

21 (1) The provisions of this chapter shall not apply with respect to
22 machinery and equipment used directly in generating ((not less than two
23 hundred kilowatts of)) electricity ((using wind, sun, or landfill
24 gas)), by central station generation using renewable resources or by
25 distributive generation, as the principal source of power.

26 (2) The definitions in RCW 82.08.02567 apply to this section.

27 (3) This section expires June 30, ((2005)) 2016.

28 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.16 RCW
29 to read as follows:

30 (1) In computing tax under this chapter, a light and power business
31 may deduct from gross income amounts equal to the following:

32 (a) The cost of the purchase or lease of a facility used for the
33 distributive generation of electricity that is the principal source of
34 power for retail electric consumers; and

35 (b) The cost of electrical energy generated from renewable
36 resources on which construction is begun after July 1, 2001, and before
37 January 1, 2011.

1 (2) For the purposes of this section, the definitions in RCW
2 82.08.02567 apply.
3 (3) This section expires January 1, 2016.

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