

**2SSB 6111 - S AMD 190**

By Senators Hobbs, Pridemore, Prentice, Carrell, Delvin, and Zarelli

ADOPTED 02/29/2008

1 On page 2, after line 28, insert the following:

2 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW  
3 to read as follows:

4 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
5 machinery and equipment used directly in generating tidal or wave  
6 energy, or to sales of or charges made for labor and services rendered  
7 in respect to installing such machinery and equipment, but only if the  
8 purchaser develops with such machinery, equipment, and labor a facility  
9 capable of generating not less than five kilowatts of electricity and  
10 provides the seller with an exemption certificate in a form and manner  
11 prescribed by the department. The seller shall retain a copy of the  
12 certificate for the seller's files.

13 (2) For purposes of this section and section 3 of this act:

14 (a) "Machinery and equipment" has the same meaning as provided in  
15 RCW 82.08.02567.

16 (b) Machinery and equipment is "used directly" in generating  
17 electricity with tidal or wave energy if it provides any part of the  
18 process that captures the energy of the tidal or wave energy.

19 (3) This section expires June 30, 2018.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW  
21 to read as follows:

22 (1) The provisions of this chapter do not apply with respect to  
23 machinery and equipment used directly in generating not less than five  
24 kilowatts of electricity using tidal or wave energy as the principal  
25 source of power, or to the use of labor and services rendered in  
26 respect to installing such machinery and equipment.

27 (2) The definitions in section 2 of this act apply to this section.

28 (3) This section expires June 30, 2018.

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

3        (1) In computing tax under this chapter, an amount equal to the  
4 cost of production at the plant for consumption within the state of  
5 Washington of electrical energy produced or generated from tidal or  
6 wave energy is deducted from gross income.

7        (2) This section applies only to new facilities for the production  
8 or generation of energy from tidal or wave energy on which construction  
9 or installation is begun after January 1, 2008, and before January 1,  
10 2018.

11        (3) Deductions under subsection (1) of this section are allowed for  
12 a period not to exceed thirty years after the project is placed in  
13 operation.

14        (4) The department of revenue, after consultation with the  
15 utilities and transportation commission in the case of investor-owned  
16 utilities and the governing bodies of locally regulated utilities, must  
17 determine the eligibility of individual projects and measures for  
18 deductions under this section."

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19        On page 1, line 2 of the title, after "energy;" strike the  
20 remainder of the title and insert "adding a new section to chapter  
21 43.31 RCW; adding a new section to chapter 82.08 RCW; adding a new  
22 section to chapter 82.12 RCW; adding a new section to chapter 82.16  
23 RCW; and providing expiration dates."

EFFECT:    Sales and use tax exemptions for machinery and equipment  
used for tidal and wave energy are provided until June 30, 2018. A  
business and occupation tax deduction is provided for the cost of

production of the plant of tidal and wave energy if the facility was built between 2008 and 2018. The business and occupation tax deduction lasts for 30 years. To qualify for the exemptions a facility must produce at least 5 kilowatts of energy.

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