

HOUSE BILL REPORT

E2SSB 6111

As Passed House - Amended:

March 6, 2008

Title: An act relating to generating electricity from tidal and wave energy.

Brief Description: Concerning generating electricity from tidal and wave energy.

Sponsors: By Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Poulsen, Jacobsen and Tom).

Brief History:

Committee Activity:

Finance: 3/3/08 [DPA].

Floor Activity:

Passed House - Amended: 3/6/08, 93-0.

Brief Summary of Engrossed Second Substitute Bill (As Amended by House)

- Concerning generating electricity from tidal and wave energy.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Minority Report: Without recommendation. Signed by 1 member: Representative Condotta, Assistant Ranking Minority Member.

Staff: Don Taylor (786-7388).

Background:

Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Examples of such instances include purchases made in other states and purchases from sellers who do not collect Washington

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

sales tax. Sales and use taxes are levied by the state, counties, and cities. Rates vary between 7 and 8.9 percent, depending on the location in the state. Use tax is paid directly to the Department of Revenue (DOR).

Under current law there is an exemption from the retail sales and use taxes for machinery and equipment used directly to generate at least 200 watts of electricity using wind or solar energy, landfill gas, or fuel cells as a power source. Current law also provides a tax deduction for production costs of energy produced by energy production facilities using renewable resources.

Summary of Amended Bill:

The Department of Community, Trade and Economic Development (CTED) and the Energy Facility Site Evaluation Council (EFSEC) are directed to convene a work group to investigate issues relating to the generation of electricity via tidal and wave energy devices. The goal is to develop the Washington State Center for Excellence in Hydrokinetic Energy (Center) as a public-private partnership and to explore ways to improve the efficiency of the permitting process for tidal and wave energy power facilities.

Participants in the group will include various state agencies – the Department of Ecology, the Department of Natural Resources, the Department of Fish and Wildlife, and the Utilities and Transportation Commission, private sector firms and associations, university researchers, the Northwest Indian Fisheries Commission, an electrical energy company, a local government jurisdiction, representatives of the commercial fishing industry, and representatives of conservation groups related to energy, marine ecology and marine recreation.

The bill includes a variety of directives for the work group to consider which will encourage the commercial development of hydrokinetic energy by the proposed Center. A report to the Legislature is required by December 1, 2008 on recommendations for implementing the Center. In addition, the work group shall develop a work plan by the end of June 2009 to address the issue of permitting hydrokinetic energy facilities. A final report on this topic is due by the end of fiscal year 2010.

The House amendment restores the sales and use tax exemptions for eligible tidal and wave energy devices. The exemption covers machinery and equipment, as well as installation labor and services. To qualify, the facility must be capable of generating at least 200 kilowatts of electrical energy. The sales and use tax exemptions will expire on June 30, 2018.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The energy produced by tidal and wave energy devices is the epitome of renewal energy resources. The state needs to encourage the development of this emerging technology. The Snohomish County Public Utility District has identified seven sites to investigate the potential of this new technology and are in the process of applying to the Federal Energy Resources Commission for permits. If any of these projects go forward, it will take at least until 2012 until a pilot project would be operational. A commercial project would require an even longer time frame.

(Opposed) None.

Persons Testifying: Senator Hobbs, prime sponsor; and Dave Arbaugh, Snohomish County Public Utility Districts.

Persons Signed In To Testify But Not Testifying: None.