

FINAL BILL REPORT

E2SSB 6111

PARTIAL VETO

C 307 L 08

Synopsis as Enacted

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

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

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Finance

Background: According to the Coastal Zone Management program summary from the Department of Ecology, Washington contains almost 2,500 miles of marine shoreline, including 157 miles of Pacific coastline. In 2004 the Electric Power Research Institute rated the state as having excellent offshore wave energy resources. Currently, there are multiple tidal power projects and one wave power project under development in Washington.

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 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: The Department of Community, Trade and Economic Development and the Energy Facility Site Evaluation Council must convene and cochair a work group on hydrokinetic energy development.

The work group must include representation from: specified state agencies; private sector firms and associations; university researchers; the Northwest Indian Fisheries Commission; an electrical utility; a local government jurisdiction; the commercial fishing industry; and representatives of conservation groups related to energy, marine ecology, and marine recreation.

By December 1, 2008, the work group must make recommendations to the Legislature regarding the development and operation of the Washington State Center for Excellence in

Hydrokinetic Energy (Center). The Center is to be a public private partnership focused on hydrokinetic energy development with the stated goals of economic development, environmental protection, and community stability. The work group must also provide recommendations to streamline and make more efficient wave and tidal power project permitting, with final recommendations on the subject due June 30, 2010.

Retail sales and use tax exemptions are enacted for devices that generate electrical energy by using tidal or wave energy. The exemptions cover the cost of the equipment, as well as installation labor. To qualify, the purchaser must use the device as part of a facility capable of producing at least 200 kilowatts of energy. These exemptions expire on June 30, 2018.

Votes on Final Passage:

Senate	45	3	
House	93	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: June 12, 2008

Partial Veto Summary: The provisions that specify the recommendations to be developed by the work group regarding the development and operation of the Center are removed. The retail sales and use tax exemptions for devices that generate electrical energy by using tidal or wave energy are removed. The null and void clause is removed.