

2SHB 2130 - S COMM AMD

By Committee on Environment, Water & Energy

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the welfare of
4 the people of the state of Washington is positively impacted through
5 the encouragement and expansion of key growth industries in the state.
6 The legislature further finds that targeting tax incentives to focus on
7 key growth industries is an important strategy to enhance the state's
8 business climate. A key area of growth is those industries associated
9 with the green economy and in specific renewable energy manufacturing.
10 The state has the necessary infrastructure, supporting industries, and
11 skilled labor force to support renewable energy manufacturing. It is
12 of great concern that businesses in this sector have been increasingly
13 expanding and locating their operations elsewhere. Additional
14 incentives for the renewable energy industry are needed in recognition
15 of the unique forces and issues involved in business decisions in this
16 industry. Tax incentives for the sector are important in both
17 retention and expansion of existing business and attraction of new
18 businesses, all of which will strengthen this growth industry within
19 our state, will create jobs, and will bring many indirect benefits to
20 the state. This incentive is intended to create new facilities and
21 expand existing facilities which will create new jobs in Washington
22 state.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
24 to read as follows:

25 (1) In computing the tax imposed under this chapter, the following
26 credits are allowed for each dollar of capital invested in renewable
27 energy manufacturing expenditures, up to a maximum of fifteen million
28 dollars of credit per person per year:

1 (a) A twelve and one-half percent credit for an investment of at
2 least twenty-five million dollars up to fifty million dollars; and

3 (b) A twenty-five percent credit for an investment above fifty
4 million dollars.

5 (2)(a) The total amount of credits allowed under this section in
6 any year for a project may not exceed twenty percent of the total
7 amount of credit earned.

8 (b) The maximum dollar value of credits claimed statewide per
9 biennium may not exceed the following:

10 (i) One and one-half million dollars for the 2009-2011 biennium;

11 (ii) Thirteen and one-half million dollars for the 2011-2013
12 biennium; and

13 (iii) Thirty million dollars for the 2013-2015 biennium.

14 (c) Any credits, or a portion thereof, must be disallowed if they
15 would cause the total amount of credits claimed statewide under this
16 section to exceed the limits in (b) of this subsection.

17 (3) Credits must be allowed and processed in accordance with rules
18 adopted by the department of community, trade, and economic development
19 in consultation with the department of revenue.

20 (a) A person may claim a credit under this section only for
21 renewable energy manufacturing expenditures occurring on or after the
22 effective date of this act. The claim must be by application in a form
23 and manner prescribed by the department of community, trade, and
24 economic development. The application must include the taxpayer name
25 and registration number of the owner of the renewable energy
26 manufacturing facility and the qualified buyer of the credit under
27 subsection (6) of this section.

28 (b) The person claiming a credit under this section must be the
29 owner of the renewable energy manufacturing facility or must have
30 purchased the credit under subsection (6) of this section from the
31 person who is the owner of the facility.

32 (c) A waiting list must be developed for applicants seeking credits
33 beyond the limits established in subsection (2)(b) of this section.

34 (4) No credit may be issued until the capital investment is spent,
35 as defined by rule.

36 (5) No refunds may be granted for credits under this section. No
37 credit may be claimed before July 1, 2010.

1 (6) A person may sell or otherwise transfer to a qualified buyer
2 the economic value of any credit provided in this section for a
3 renewable energy manufacturing expenditure at a rate equal to seventy
4 percent of the total amount of credit being sold or transferred. The
5 qualified buyer may apply the full value of the credits being purchased
6 to satisfy the tax otherwise due under this chapter for the tax
7 reporting period. The qualified buyer may not seek a refund for any
8 credits purchased in excess of their tax liability due under this
9 chapter.

10 (7) The department of community, trade, and economic development,
11 in consultation with the department of revenue, must adopt rules to
12 implement this section, including rules that provide a formulary method
13 of determining allowable credits and specify how credits may be sold,
14 transferred, and tracked.

15 (8) The definitions in this subsection apply throughout this
16 section:

17 (a) "Qualified buyer" means a person engaged in one of the
18 following industries:

19 (i) Health care or social assistance;

20 (ii) Manufacturing;

21 (iii) Wholesale trade;

22 (iv) Publishing, broadcasting, information technology,
23 telecommunications, or other forms of disseminating information;

24 (v) Finance or insurance;

25 (vi) Professional or administrative services; or

26 (vii) Food services.

27 (b) "Renewable energy manufacturing expenditures" means
28 expenditures for:

29 (i) Land that includes a renewable energy manufacturing facility;

30 (ii) Machinery and equipment used in or integral to a renewable
31 energy manufacturing facility; and

32 (iii) Tangible personal property and labor and services used in the
33 construction, expansion, or reconstruction of a renewable energy
34 manufacturing facility.

35 (c) "Renewable energy manufacturing facility" means a facility
36 predominantly used for manufacturing raw materials, components, or
37 equipment for solar, bioenergy, or geothermal energy systems.

1 (9) A person taking the credit under this section must report as
2 required under RCW 82.32.535.

3 (10) Credits may be carried forward until used; however, no credit
4 may be earned under this section on or after July 1, 2014.

5 **Sec. 3.** RCW 82.32.5351 and 2006 c 84 s 5 are each amended to read
6 as follows:

7 (1) The legislature finds that accountability and effectiveness are
8 important aspects of setting tax policy. In order to make policy
9 choices regarding the best use of limited state resources the
10 legislature needs information on how a tax incentive is used.

11 (2)(a) A person who reports taxes under RCW 82.04.2404 or who
12 claims an exemption or credit under RCW 82.08.9651, section 2 of this
13 act, and 82.12.9651 shall make a complete annual report to the
14 department detailing employment, wages, and employer-provided health
15 and retirement benefits per job at the manufacturing site. The report
16 shall not include names of employees. The report shall also detail
17 employment by the total number of full-time, part-time, and temporary
18 positions. The first report filed under this subsection shall include
19 employment, wage, and benefit information for the twelve-month period
20 immediately before first use of a preferential tax rate under RCW
21 82.04.2404, or tax exemption or credit under RCW 82.08.9651, section 2
22 of this act, and 82.12.9651. The report is due by April 30th following
23 any year in which a preferential tax rate under RCW 82.04.2404 is used,
24 or tax exemption or credit under RCW 82.08.9651, section 2 of this act,
25 and 82.12.9651 is taken. The department may extend the due date for
26 timely filing annual reports under this section as provided in RCW
27 82.32.590. This information is not subject to the confidentiality
28 provisions of RCW 82.32.330 and may be disclosed to the public upon
29 request.

30 (b) If a person fails to submit a complete annual report under (a)
31 of this subsection by the due date of the report or any extension under
32 RCW 82.32.590, the department shall declare the amount of taxes
33 exempted or credited, or reduced in the case of the preferential
34 business and occupation tax rate, for that year to be immediately due
35 and payable. Excise taxes payable under this subsection are subject to
36 interest but not penalties, as provided under this chapter. This

1 information is not subject to the confidentiality provisions of RCW
2 82.32.330 and may be disclosed to the public upon request.

3 (3) By November 1st of the year occurring five years after December
4 1, 2006, and November 1st of the year occurring eleven years after
5 December 1, 2006, the fiscal committees of the house of representatives
6 and the senate, in consultation with the department, shall report to
7 the legislature on the effectiveness of chapter 84, Laws of 2006 in
8 regard to keeping Washington competitive. The report shall measure the
9 effect of chapter 84, Laws of 2006 on job retention, net jobs created
10 for Washington residents, company growth, diversification of the
11 state's economy, cluster dynamics, and other factors as the committees
12 select. The reports shall include a discussion of principles to apply
13 in evaluating whether the legislature should reenact any or all of the
14 tax preferences in chapter 84, Laws of 2006.

15 NEW SECTION. **Sec. 4.** This act may be known and cited as the new
16 energy act."

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17 On page 1, line 2 of the title, after "facilities;" strike the
18 remainder of the title and insert "amending RCW 82.32.5351; adding a
19 new section to chapter 82.04 RCW; and creating new sections."

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