
SUBSTITUTE HOUSE BILL 2131

State of Washington

61st Legislature

2009 Regular Session

By House Technology, Energy & Communications (originally sponsored by Representative Morris)

READ FIRST TIME 02/20/09.

1 AN ACT Relating to providing a credit under the public utility tax
2 for sales and use taxes paid for the development of eligible renewable
3 resources in the state that provide renewable energy to a qualifying
4 utility; adding new sections to chapter 82.16 RCW; providing an
5 effective date; providing an expiration date; and declaring an
6 emergency.

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

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

10 (1) A light and power business that is a qualifying utility is
11 allowed a credit against taxes due under this chapter in an amount
12 equal to the taxes paid by it or any other person under RCW 82.08.020
13 or 82.12.020 on machinery and equipment used directly in generating
14 electricity from an eligible renewable resource that is used as the
15 principal source of power, and sales of or charges made for labor and
16 services rendered in respect to installing such machinery and
17 equipment. One-quarter of the amount of credit earned under this
18 section may be claimed against taxes due for the fiscal year in which
19 the eligible renewable resource, in respect to which the credit was

1 earned, becomes operational. The remaining credit may be claimed
2 against taxes due under this chapter for the subsequent three years in
3 an amount equal to one-quarter of the amount of credit for each
4 successive fiscal year. Unused credit may not be carried forward and
5 claimed against liability incurred under this chapter in subsequent
6 fiscal years.

7 (2) The credit under this section may not exceed the tax that was
8 paid under RCW 82.08.020 and 82.12.020 on the machinery, equipment,
9 labor, and services. Credit under this section may not be claimed for
10 sales and use taxes imposed by any local government under the authority
11 of chapter 82.14 or 81.104 RCW, or any other provision of law.

12 (3) The credit under this section is available only if the
13 renewable resource on which taxes were paid under RCW 82.08.020 and
14 82.12.020 is owned or operated by the qualifying utility or the
15 electrical energy produced by the resource is contractually obligated
16 to the qualifying utility at the time the credit is claimed under this
17 subsection.

18 (4) Credit under this section may only be claimed on returns filed
19 electronically using the department's online tax filing service. No
20 application is required to claim the credit.

21 (5) The amount of credit claimed under this section in any
22 reporting period may not exceed the amount of tax otherwise due under
23 this chapter for the reporting period. No refunds may be granted for
24 unused credits.

25 (6) Credit may not be earned for tax liability incurred under RCW
26 82.08.020 and 82.12.020 before the effective date of this section.

27 (7) Qualified utilities claiming the credit under this section must
28 keep records necessary to verify eligibility for the credit and the
29 amount of credit the utility is entitled to. For qualified utilities
30 claiming credit based on state sales and use taxes paid by another
31 person, such records must include copies of invoices, contracts, and
32 other documents detailing the amount of sales and use taxes paid by the
33 other person on machinery and equipment used directly in generating
34 electricity from an eligible renewable resource and any labor and
35 services rendered in respect to installing such machinery and
36 equipment.

37 (8) The following definitions apply to this section, unless the
38 context clearly requires otherwise:

1 (a) "Qualifying utility" has the same meaning as provided in RCW
2 19.285.030.

3 (b) "Eligible renewable resource" has the same meaning as in RCW
4 19.285.030.

5 (c) "Machinery and equipment" means industrial fixtures, devices,
6 and support facilities that are integral and necessary to the
7 generation of electricity from an eligible renewable resource.

8 (d) "Machinery and equipment" does not include: (i) Hand-powered
9 tools; (ii) property with a useful life of less than one year; (iii)
10 repair parts required to restore machinery and equipment to normal
11 working order; (iv) replacement parts that do not increase
12 productivity, improve efficiency, or extend the useful life of
13 machinery and equipment; (v) buildings; or (vi) building fixtures that
14 are not integral and necessary to the generation of electricity that
15 are permanently affixed to and become a physical part of a building.

16 (e) Machinery and equipment is "used directly" in generating
17 electricity from an eligible renewable resource if it provides any part
18 of the process that captures the energy, converts that energy to
19 electricity, or stores, transforms, or transmits that electricity for
20 entry into or operation in parallel with electric transmission and
21 distribution systems.

22 (9) This section expires July 1, 2019.

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

25 On the 25th of February, May, August, and November of each year,
26 the department must advise the state treasurer of the amount of credit
27 claimed under section 1 of this act during the preceding calendar
28 quarter ending on the last day of December, March, June, and September,
29 respectively.

30 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act are necessary
31 for the immediate preservation of the public peace, health, or safety,
32 or support of the state government and its existing public
33 institutions, and take effect July 1, 2009.

--- END ---