

SB 5526 - H AMD 620

By Representative McCoy

WITHDRAWN 04/09/2011

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

3
4 "Sec. 1. RCW 82.04.294 and 2010 c 114 s 109 are each amended to
5 read as follows:

6 (1)((~~(a) Beginning October 1, 2005, upon every person engaging~~
7 ~~within this state in the business of manufacturing solar energy~~
8 ~~systems using photovoltaic modules, or of manufacturing solar grade~~
9 ~~silicon to be used exclusively in components of such systems; as to~~
10 ~~such persons the amount of tax with respect to such business is, in~~
11 ~~the case of manufacturers, equal to the value of the product~~
12 ~~manufactured, or in the case of processors for hire, equal to the~~
13 ~~gross income of the business, multiplied by the rate of 0.2904~~
14 ~~percent.~~

15 ~~— (b) Beginning October 1, 2009,)~~ Upon every person engaging within
16 this state in the business of manufacturing solar energy systems using
17 photovoltaic modules or stirling converters, or of manufacturing solar
18 grade silicon, silicon solar wafers, silicon solar cells, thin film
19 solar devices, or compound semiconductor solar wafers to be used
20 exclusively in components of such systems; as to such persons the
21 amount of tax with respect to such business is, in the case of
22 manufacturers, equal to the value of the product manufactured, or in
23 the case of processors for hire, equal to the gross income of the
24 business, multiplied by the rate of 0.275 percent.

25 (2)((~~(a) Beginning October 1, 2005, upon every person engaging~~
26 ~~within this state in the business of making sales at wholesale of~~
27 ~~solar energy systems using photovoltaic modules and manufactured by~~

1 ~~the seller, or of solar grade silicon manufactured by the seller to be~~
2 ~~used exclusively in components of such systems; as to such persons the~~
3 ~~amount of tax with respect to the business is equal to the gross~~
4 ~~proceeds of sales of the solar energy systems using photovoltaic~~
5 ~~modules, or of the solar grade silicon to be used exclusively in~~
6 ~~components of such systems, multiplied by the rate of 0.2904 percent.~~

7 ~~—(b) Beginning October 1, 2009,)~~) Upon every person engaging within
8 this state in the business of making sales at wholesale of solar
9 energy systems using photovoltaic modules or stirling converters, or
10 of solar grade silicon, silicon solar wafers, silicon solar cells,
11 thin film solar devices, or compound semiconductor solar wafers to be
12 used exclusively in components of such systems, manufactured by that
13 person; as to such persons the amount of tax with respect to such
14 business is equal to the gross proceeds of sales of the solar energy
15 systems using photovoltaic modules or stirling converters, or of the
16 solar grade silicon to be used exclusively in components of such
17 systems, multiplied by the rate of 0.275 percent.

18 (3) (~~Beginning October 1, 2009,)~~) Silicon solar wafers, silicon
19 solar cells, thin film solar devices, or compound semiconductor solar
20 wafers are "semiconductor materials" for the purposes of RCW
21 82.08.9651 and 82.12.9651.

22 (4) The definitions in this subsection apply throughout this
23 section.

24 (a) "Compound semiconductor solar wafers" means a semiconductor
25 solar wafer composed of elements from two or more different groups of
26 the periodic table.

27 (b) "Module" means the smallest nondivisible self-contained
28 physical structure housing interconnected photovoltaic cells and
29 providing a single direct current electrical output.

30 (c) "Photovoltaic cell" means a device that converts light
31 directly into electricity without moving parts.

32 (d) "Silicon solar cells" means a photovoltaic cell manufactured
33 from a silicon solar wafer.

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1 (e) "Silicon solar wafers" means a silicon wafer manufactured for
2 solar conversion purposes.

3 (f) "Solar energy system" means any device or combination of
4 devices or elements that rely upon direct sunlight as an energy source
5 for use in the generation of electricity.

6 (g) "Solar grade silicon" means high-purity silicon used
7 exclusively in components of solar energy systems using photovoltaic
8 modules to capture direct sunlight. "Solar grade silicon" does not
9 include silicon used in semiconductors.

10 (h) "Stirling converter" means a device that produces electricity
11 by converting heat from a solar source utilizing a stirling engine.

12 (i) "Thin film solar devices" means a nonparticipating substrate
13 on which various semiconducting materials are deposited to produce a
14 photovoltaic cell that is used to generate electricity.

15 (5) A person reporting under the tax rate provided in this section
16 must file a complete annual report with the department under RCW
17 82.32.534.

18 (6) This section expires June 30, 2014.

19
20 **Sec. 2.** RCW 82.16.110 and 2010 c 202 s 1 and 2010 c 106 s 225 are
21 each reenacted and amended to read as follows:

22 The definitions in this section apply throughout this chapter
23 unless the context clearly requires otherwise.

24 (1) "Administrator" means an owner and assignee of a community
25 solar project as defined in subsection (2)(a)(i) of this section that
26 is responsible for applying for the investment cost recovery incentive
27 on behalf of the other owners and performing such administrative tasks
28 on behalf of the other owners as may be necessary, such as receiving
29 investment cost recovery incentive payments, and allocating and paying
30 appropriate amounts of such payments to the other owners.

31 (2)(a) "Community solar project" means:

32 (i) A solar energy system that is capable of generating up to
33 seventy-five kilowatts of electricity and is owned by local
34 individuals, households, nonprofit organizations, or nonutility

1 businesses that is placed on the property owned by a cooperating local
2 governmental entity that is not in the light and power business or in
3 the gas distribution business;

4 (ii) A utility-owned solar energy system that is capable of
5 generating up to seventy-five kilowatts of electricity and that is
6 voluntarily funded by the utility's ratepayers where, in exchange for
7 their financial support, the utility gives contributors a payment or
8 credit on their utility bill for the value of the electricity produced
9 by the project; or

10 (iii) A solar energy system, placed on the property owned by a
11 cooperating local governmental entity that is not in the light and
12 power business or in the gas distribution business, that is capable of
13 generating up to seventy-five kilowatts of electricity, and that is
14 owned by a company whose members are each eligible for an investment
15 cost recovery incentive for the same customer-generated electricity as
16 provided in RCW 82.16.120.

17 (b) For the purposes of "community solar project" as defined in
18 (a) of this subsection:

19 (i) "Company" means an entity that is:

20 (A)(I) A limited liability company;

21 (II) A cooperative formed under chapter 23.86 RCW; or

22 (III) A mutual corporation or association formed under chapter
23 24.06 RCW; and

24 (B) Not a "utility" as defined in this subsection (2)(b); and

25 (ii) "Nonprofit organization" means an organization exempt from
26 taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal
27 revenue code of 1986, as amended, as of January 1, 2009; and

28 (iii) "Utility" means a light and power business, an electric
29 cooperative, or a mutual corporation that provides electricity
30 service.

31 (3) "Customer-generated electricity" means a community solar
32 project or the alternating current electricity that is generated from
33 a renewable energy system located in Washington and installed on an
34 individual's, businesses', or local government's real property that is

1 also provided electricity generated by a light and power business.
2 Except for community solar projects, a system located on a leasehold
3 interest does not qualify under this definition. Except for utility-
4 owned community solar projects, "customer-generated electricity" does
5 not include electricity generated by a light and power business with
6 greater than one thousand megawatt hours of annual sales or a gas
7 distribution business.

8 (4) "Economic development kilowatt-hour" means the actual
9 kilowatt- hour measurement of customer-generated electricity
10 multiplied by the appropriate economic development factor.

11 (5) "Local governmental entity" means any unit of local government
12 of this state including, but not limited to, counties, cities, towns,
13 municipal corporations, quasi-municipal corporations, special purpose
14 districts, and school districts.

15 (6) "Photovoltaic cell" means a device that converts light
16 directly into electricity without moving parts.

17 (7) "Renewable energy system" means a solar energy system, an
18 anaerobic digester as defined in RCW 82.08.900, or a wind generator
19 used for producing electricity.

20 (8) "Solar energy system" means any device or combination of
21 devices or elements that rely upon direct sunlight as an energy source
22 for use in the generation of electricity.

23 (9) "Solar inverter" means the device used to convert direct
24 current to alternating current in a (~~photovoltaic cell~~) solar energy
25 system. Beginning January 1, 2012, a solar inverter must be listed by
26 a nationally recognized testing laboratory.

27 (10) "Solar module" means the smallest nondivisible self-contained
28 physical structure housing interconnected photovoltaic cells and
29 providing a single direct current electrical output.

30 (11) "Stirling converter" means a device that produces electricity
31 by converting heat from a solar source utilizing a stirling engine.

32 (12) "Solar inverter system" means a device assembled at a
33 manufacturing facility and ready for installation as part of a solar
34 energy system. A solar inverter system must contain a solar inverter

1 and, at a minimum, alternating current and direct current disconnects.
2 Beginning January 1, 2012, a solar inverter system must be listed by a
3 nationally recognized testing laboratory.

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5 **Sec. 3.** RCW 82.16.120 and 2010 c 202 s 2 and 2010 c 106 s 103 are
6 each reenacted and amended to read as follows:

7 (1)(a) Any individual, business, local governmental entity, not in
8 the light and power business or in the gas distribution business, or a
9 participant in a community solar project may apply to the light and
10 power business serving the situs of the system, each fiscal year
11 beginning on July 1, 2005, for an investment cost recovery incentive
12 for each kilowatt-hour from a customer-generated electricity renewable
13 energy system.

14 (b) In the case of a community solar project as defined in RCW
15 82.16.110(2)(a)(i), the administrator must apply for the investment
16 cost recovery incentive on behalf of each of the other owners.

17 (c) In the case of a community solar project as defined in RCW
18 82.16.110(2)(a)(iii), the company owning the community solar project
19 must apply for the investment cost recovery incentive on behalf of
20 each member of the company.

21 (d) In the case of customer-generated electricity produced using a
22 solar generator equipped with a solar inverter system manufactured in
23 Washington state, the applicant or a previous owner of the solar
24 inverter system must have taken delivery of the solar inverter system
25 by June 30, 2012.

26 (2)(a) Before submitting for the first time the application for
27 the incentive allowed under subsection (4) of this section, the
28 applicant must submit to the department of revenue and to the climate
29 and rural energy development center at the Washington State
30 University, established under RCW 28B.30.642, a certification in a
31 form and manner prescribed by the department that includes, but is not
32 limited to, the following information:

33 (i) The name and address of the applicant and location of the
34 renewable energy system.

1 (A) If the applicant is an administrator of a community solar
2 project as defined in RCW 82.16.110(2)(a)(i), the certification must
3 also include the name and address of each of the owners of the
4 community solar project.

5 (B) If the applicant is a company that owns a community solar
6 project as defined in RCW 82.16.110(2)(a)(iii), the certification must
7 also include the name and address of each member of the company;

8 (ii) The applicant's tax registration number;

9 (iii) That the electricity produced by the applicant meets the
10 definition of "customer-generated electricity" and that the renewable
11 energy system produces electricity with:

12 (A) Any solar inverters and solar modules manufactured in
13 Washington state;

14 (B) A wind generator powered by blades manufactured in Washington
15 state;

16 (C) A solar inverter manufactured in Washington state or solar
17 inverter system manufactured in Washington state that the applicant or
18 a previous owner took delivery of by June 30, 2012;

19 (D) A solar module manufactured in Washington state; (~~or~~)

20 (E) A stirling converter manufactured in Washington state; or

21 (F) Solar or wind equipment manufactured outside of Washington
22 state;

23 (iv) That the electricity can be transformed or transmitted for
24 entry into or operation in parallel with electricity transmission and
25 distribution systems; and

26 (v) The date that the renewable energy system received its final
27 electrical permit from the applicable local jurisdiction.

28 (b) Within thirty days of receipt of the certification the
29 department of revenue must notify the applicant by mail, or
30 electronically as provided in RCW 82.32.135, whether the renewable
31 energy system qualifies for an incentive under this section. The
32 department may consult with the climate and rural energy development
33 center to determine eligibility for the incentive. System

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1 certifications and the information contained therein are subject to
2 disclosure under RCW 82.32.330(3)(1).

3 (c) Beginning July 1, 2012, the department may not qualify a new
4 solar inverter system and must disqualify any solar inverter systems
5 previously qualified and not delivered by June 30, 2012. All solar
6 inverter systems manufactured in Washington state and delivered to the
7 original applicant by June 30, 2012, remain eligible for the one and
8 two-tenths factor for solar inverter systems for the life of the
9 incentive payment program under this section regardless of whether
10 ownership of the solar inverter system changes.

11 (3)(a) By August 1st of each year application for the incentive
12 must be made to the light and power business serving the situs of the
13 system by certification in a form and manner prescribed by the
14 department that includes, but is not limited to, the following
15 information:

16 (i) The name and address of the applicant and location of the
17 renewable energy system.

18 (A) If the applicant is an administrator of a community solar
19 project as defined in RCW 82.16.110(2)(a)(i), the application must
20 also include the name and address of each of the owners of the
21 community solar project.

22 (B) If the applicant is a company that owns a community solar
23 project as defined in RCW 82.16.110(2)(a)(iii), the application must
24 also include the name and address of each member of the company;

25 (ii) The applicant's tax registration number;

26 (iii) The date of the notification from the department of revenue
27 stating that the renewable energy system is eligible for the
28 incentives under this section; and

29 (iv) A statement of the amount of kilowatt-hours generated by the
30 renewable energy system in the prior fiscal year.

31 (b) Within sixty days of receipt of the incentive certification
32 the light and power business serving the situs of the system must
33 notify the applicant in writing whether the incentive payment will be
34 authorized or denied. The business may consult with the climate and

1 rural energy development center to determine eligibility for the
2 incentive payment. Incentive certifications and the information
3 contained therein are subject to disclosure under RCW 82.32.330(3)(1).

4 (c)(i) Persons, administrators of community solar projects, and
5 companies receiving incentive payments must keep and preserve, for a
6 period of five years, suitable records as may be necessary to
7 determine the amount of incentive applied for and received. Such
8 records must be open for examination at any time upon notice by the
9 light and power business that made the payment or by the department.
10 If upon examination of any records or from other information obtained
11 by the business or department it appears that an incentive has been
12 paid in an amount that exceeds the correct amount of incentive
13 payable, the business may assess against the person for the amount
14 found to have been paid in excess of the correct amount of incentive
15 payable and must add thereto interest on the amount. Interest is
16 assessed in the manner that the department assesses interest upon
17 delinquent tax under RCW 82.32.050.

18 (ii) If it appears that the amount of incentive paid is less than
19 the correct amount of incentive payable the business may authorize
20 additional payment.

21 (4) Except for community solar projects, the investment cost
22 recovery incentive may be paid fifteen cents per economic development
23 kilowatt-hour unless requests exceed the amount authorized for credit
24 to the participating light and power business. For community solar
25 projects, the investment cost recovery incentive may be paid thirty
26 cents per economic development kilowatt-hour unless requests exceed
27 the amount authorized for credit to the participating light and power
28 business. For the purposes of this section, the rate paid for the
29 investment cost recovery incentive may be multiplied by the following
30 factors:

31 (a) For customer-generated electricity produced using solar
32 modules manufactured in Washington state or a solar stirling converter
33 manufactured in Washington state, two and four-tenths;

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1 (b) For customer-generated electricity produced using a solar or a
2 wind generator equipped with an inverter manufactured in Washington
3 state or a solar inverter system manufactured in Washington state if
4 the recipient of the investment cost recovery incentive or a previous
5 owner of the solar inverter system took delivery of the solar inverter
6 system by June 30, 2012, one and two-tenths;

7 (c) For customer-generated electricity produced using an anaerobic
8 digester, or by other solar equipment or using a wind generator
9 equipped with blades manufactured in Washington state, one; and

10 (d) For all other customer-generated electricity produced by wind,
11 eight-tenths.

12 (5)(a) No individual, household, business, or local governmental
13 entity is eligible for incentives provided under subsection (4) of
14 this section for more than five thousand dollars per year.

15 (b) Except as provided in (c) through (e) of this subsection (5),
16 each applicant in a community solar project is eligible for up to five
17 thousand dollars per year.

18 (c) Where the applicant is an administrator of a community solar
19 project as defined in RCW 82.16.110(2)(a)(i), each owner is eligible
20 for an incentive but only in proportion to the ownership share of the
21 project, up to five thousand dollars per year.

22 (d) Where the applicant is a company owning a community solar
23 project that has applied for an investment cost recovery incentive on
24 behalf of its members, each member of the company is eligible for an
25 incentive that would otherwise belong to the company but only in
26 proportion to each ownership share of the company, up to five thousand
27 dollars per year. The company itself is not eligible for incentives
28 under this section.

29 (e) In the case of a utility-owned community solar project, each
30 ratepayer that contributes to the project is eligible for an incentive
31 in proportion to the contribution, up to five thousand dollars per
32 year.

33 (6) If requests for the investment cost recovery incentive exceed
34 the amount of funds available for credit to the participating light

1 and power business, the incentive payments must be reduced
2 proportionately.

3 (7) The climate and rural energy development center at Washington
4 State University energy program may establish guidelines and standards
5 for technologies that are identified as Washington manufactured and
6 therefore most beneficial to the state's environment.

7 (8) The environmental attributes of the renewable energy system
8 belong to the applicant, and do not transfer to the state or the light
9 and power business upon receipt of the investment cost recovery
10 incentive.

11 (9) No incentive may be paid under this section for kilowatt-hours
12 generated before July 1, 2005, or after June 30, 2020."

EFFECT: Provides a definition for solar inverter system.
Requires solar inverters and solar inverter systems to be listed by
a nationally recognized testing laboratory by January 1, 2012.
Creates an incentive for solar inverter systems manufactured in
Washington. Allows the incentive rate for electricity produced from
a solar inverter system to be multiplied by a factor of one and two-
tenths. Specifies that beginning July 1, 2012, the department of
revenue may not qualify a new solar inverter system and must
disqualify any solar inverter systems previously qualified and not
delivered by June 30, 2012. Specifies that solar inverter systems
delivered by June 30, 2012 remain eligible for the incentive for the
life of the cost recovery incentive program.

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