

SENATE BILL REPORT

SB 5114

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 3, 2015

Title: An act relating to providing incentives for production of modular reactors.

Brief Description: Providing incentives for production of modular reactors.

Sponsors: Senator Brown.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/27/15, 2/03/15 [DP-WM, DNP, w/oRec].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Braun, Brown and Honeyford.

Minority Report: Do not pass.
Signed by Senators McCoy, Ranking Minority Member; Cleveland and Ranker.

Minority Report: That it be referred without recommendation.
Signed by Senator Habib.

Staff: Jeff Olsen (786-7428)

Background: Small Modular Reactor (SMR). A traditional base-load nuclear power plant generates 1000 megawatts (MW) or more of electricity, while an SMR is a nuclear power plant designed to generate 300 MW or less. An SMR is also designed to be factory-fabricated and transportable by truck or rail to a nuclear power site. The U.S. Department of Energy has a program to advance the certification and licensing of domestic SMR designs.

SMR Study. The 2013-15 Capital Budget (ESSB 5035) appropriated \$500,000 for the development of an SMR proposal by the Tri-City Development Council. A final report was issued in September 2014 which concluded, among other things, that siting an SMR at Hanford would be technically feasible.

Joint Select Task Force on Nuclear Energy (Task Force). The 2014 Legislature created the Task Force to study, among other things, the generation of energy in the region through the

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use of nuclear power. As part of its activities, the Task Force visited an SMR development company in Corvallis, Oregon in November 2014.

Sales and Use Tax Exemptions. State and local sales and use taxes are levied on the sale of tangible personal property and certain services. Exemptions from sales and use taxes have been established to create jobs and encourage investments in Washington, including, for example, the exemptions for manufacturing machinery and equipment and investments in aerospace manufacturing facilities.

Summary of Bill: The production of modular reactors including construction materials, machinery, and equipment is exempt from sales and use taxes. Modular reactors are defined as scalable nuclear power plants using reactors that each have a gross power output no greater than 50 MW of electricity.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2015.

Staff Summary of Public Testimony: PRO: There is strong support for the development of SMRs in Washington. Washington could be the industry leader in this technology, bringing family wage jobs to the state and taking advantage of a nuclear literate and highly skilled workforce. Manufacturers need reliable and affordable power, and SMRs will play a key part of energy moving forward. This technology provides alternatives to more carbon-intensive methods to supply power. The tax incentive provides certainty and predictability that manufacturers need for making long-term decisions. The energy return investment from nuclear power is very high, providing a great return of energy from the amount of energy invested.

Persons Testifying: PRO: Senator Brown, prime sponsor; Brent Ridge, Energy NW; Kris Johnson, Assn. of WA Business; Carl Holder, Chair, Eastern WA Section, American Nuclear Society.