
SENATE BILL 5260

State of Washington

65th Legislature

2017 Regular Session

By Senator Warnick

Read first time 01/18/17. Referred to Committee on Ways & Means.

1 AN ACT Relating to the continuation of tax preferences supporting
2 the solar silicon manufacturing industry; amending RCW 82.04.294 and
3 82.08.9651; creating new sections; providing an effective date;
4 providing expiration dates; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
7 performance statement for the tax preference contained in section 2
8 of this act. This performance statement is only intended to be used
9 for subsequent evaluation of the tax preference. It is not intended
10 to create a private right of action by any party or be used to
11 determine eligibility for preferential tax treatment.

12 (2) The legislature categorizes this tax preference as one
13 intended to improve industry competitiveness and to create and retain
14 jobs as indicated in RCW 82.32.808(2) (b) and (c).

15 (3) It is the legislature's specific public policy objective to
16 maintain and grow jobs in the solar silicon industry. Trade disputes
17 currently threaten employment in this sector. It is the legislature's
18 intent to extend by ten years the preferential tax rates for
19 manufacturers and wholesalers of specific solar energy material and
20 parts in order to maintain and grow jobs in the solar silicon
21 industry.

1 (4) If a review finds that the number of people employed by the
2 solar silicon industry in Washington is the same or more than in
3 2015, and that at least sixty percent of employees earn sixty
4 thousand dollars a year or more, then the legislature intends to
5 extend the expiration date of the tax preference.

6 (5) In order to obtain the data necessary to perform the review
7 in subsection (4) of this section, the joint legislative audit and
8 review committee may refer to the department of revenue's annual
9 survey data.

10 **Sec. 2.** RCW 82.04.294 and 2013 2nd sp.s. c 13 s 902 are each
11 amended to read as follows:

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

22 (2) Upon every person engaging within this state in the business
23 of making sales at wholesale of solar energy systems using
24 photovoltaic modules or stirring converters, or of solar grade
25 silicon, silicon solar wafers, silicon solar cells, thin film solar
26 devices, or compound semiconductor solar wafers to be used
27 exclusively in components of such systems, manufactured by that
28 person; as to such persons the amount of tax with respect to such
29 business is equal to the gross proceeds of sales of the solar energy
30 systems using photovoltaic modules or stirring converters, or of the
31 solar grade silicon to be used exclusively in components of such
32 systems, multiplied by the rate of 0.275 percent.

33 (3) Silicon solar wafers, silicon solar cells, thin film solar
34 devices, solar grade silicon, or compound semiconductor solar wafers
35 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
36 82.12.9651.

37 (4) The definitions in this subsection apply throughout this
38 section.

1 (a) "Compound semiconductor solar wafers" means a semiconductor
2 solar wafer composed of elements from two or more different groups of
3 the periodic table.

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

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

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

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

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

16 (g) "Solar grade silicon" means high-purity silicon used
17 exclusively in components of solar energy systems using photovoltaic
18 modules to capture direct sunlight. "Solar grade silicon" does not
19 include silicon used in semiconductors.

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

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

25 (5) A person reporting under the tax rate provided in this
26 section must file a complete annual survey with the department under
27 RCW 82.32.585.

28 (6) This section expires June 30, (~~(2017)~~) 2027.

29 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
30 performance statement for the tax preference contained in section 4
31 of this act. This performance statement is only intended to be used
32 for subsequent evaluation of the tax preference. It is not intended
33 to create a private right of action by any party or be used to
34 determine eligibility for preferential tax treatment.

35 (2) The legislature categorizes this tax preference as one
36 intended to induce certain designated behavior by taxpayers, improve
37 industry competitiveness, and create or retain jobs, as indicated in
38 RCW 82.32.808(2) (a) through (c).

1 (3) It is the legislature's specific public policy objective to
2 encourage significant construction projects; retain, expand, and
3 attract semiconductor business; and encourage and expand family-wage
4 jobs. It is the legislature's intent to extend by ten years the
5 preferential tax rate for sales of gases and chemicals used in the
6 production of semiconductor materials, in order to encourage the
7 growth and retention of the semiconductor business in Washington,
8 thereby strengthening Washington's competitiveness with other states
9 for manufacturing investment.

10 (4) If a review finds that the number of construction projects in
11 the industry has increased, and that number of people employed by the
12 solar silicon industry in Washington is the same or more than in
13 2015, and that at least sixty percent of employees earn sixty
14 thousand dollars a year, then the legislature intends to extend the
15 expiration date of the tax preference.

16 (5) In order to obtain the data necessary to perform the review
17 in subsection (4) of this section, the joint legislative audit and
18 review committee may refer to the department of revenue's annual
19 survey data.

20 **Sec. 4.** RCW 82.08.9651 and 2014 c 97 s 405 are each amended to
21 read as follows:

22 (1) The tax levied by RCW 82.08.020 does not apply to sales of
23 gases and chemicals used by a manufacturer or processor for hire in
24 the production of semiconductor materials. This exemption is limited
25 to gases and chemicals used in the production process to grow the
26 product, deposit or grow permanent or sacrificial layers on the
27 product, to etch or remove material from the product, to anneal the
28 product, to immerse the product, to clean the product, and other such
29 uses whereby the gases and chemicals come into direct contact with
30 the product during the production process, or uses of gases and
31 chemicals to clean the chambers and other like equipment in which
32 such processing takes place. For the purposes of this section,
33 "semiconductor materials" has the meaning provided in RCW 82.04.2404
34 and 82.04.294(3).

35 (2)(a) Except as provided under (b) of this subsection (2), a
36 person claiming the exemption under this section must file a complete
37 annual survey with the department under RCW 82.32.585.

38 (b) A person claiming the exemption under this section and who is
39 required to file a complete annual report with the department under

1 RCW 82.32.534 as a result of claiming the tax preference provided by
2 RCW 82.04.2404 is not also required to file a complete annual survey
3 under RCW 82.32.585.

4 (3) No application is necessary for the tax exemption. The person
5 is subject to all of the requirements of chapter 82.32 RCW.

6 (4) This section expires (~~December 1, 2018~~) July 1, 2027.

7 NEW SECTION. **Sec. 5.** Sections 1 and 2 of this act are necessary
8 for the immediate preservation of the public peace, health, or
9 safety, or support of the state government and its existing public
10 institutions, and take effect June 30, 2017.

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