

**E2SSB 5116** - H AMD TO APP COMM AMD (H-2810.1/19) **627**

By Representative Young

WITHDRAWN 04/11/2019

1 On page 36, beginning on line 19 of the striking amendment, strike  
2 all of sections 18 and 19 and insert the following:

3

4 "Sec. 18. RCW 82.08.962 and 2018 c 164 s 5 are each amended to  
5 read as follows:

6 (1)(a) (~~Except as provided in RCW 82.08.963, purchasers who~~  
7 ~~have paid~~) Subject to the requirement of this section, the tax  
8 imposed by RCW 82.08.020 ((on)) does not apply to sales of machinery  
9 and equipment used directly in generating electricity using fuel  
10 cells, wind, sun, biomass energy, tidal or wave energy, geothermal  
11 resources, or technology that converts otherwise lost energy from  
12 exhaust, as the principal source of power, or to sales of or charges  
13 made for labor and services rendered in respect to installing such  
14 machinery and equipment, ((are eligible for an exemption as provided  
15 in this section,)) but only if the purchaser develops with such  
16 machinery, equipment, and labor a facility capable of generating not  
17 less than one thousand watts AC of electricity. Except as otherwise  
18 provided in this section, the purchaser must pay the state and local  
19 sales tax on such sales and apply to the department for a remittance  
20 of the tax paid.

21 (b) Beginning on July 1, 2011, through ((January 1, 2020))  
22 December 31, 2019, the amount of the exemption under this subsection  
23 (1)(b) is equal to seventy-five percent of the state and local sales  
24 tax paid. The purchaser is eligible for an exemption under this  
25 subsection (1)(b) in the form of a remittance.

26

27

1 (c) Beginning January 1, 2020, through December 31, 2029, the  
2 purchaser is entitled to an exemption, in the form of a remittance,  
3 under this subsection (1)(c) in an amount equal to:

4 (i) Seventy-five percent of the state and local sales tax paid,  
5 if:

6 (A) The exempt purchase is for machinery and equipment or labor  
7 and services rendered in respect to installing such machinery and  
8 equipment in (a) of this subsection, excluding qualified purchases  
9 under subsection (c)(i)(B) of this subsection; or

10 (B) The exempt purchase is for machinery and equipment that is  
11 used directly in the generation of electricity by a solar energy  
12 system capable of generating more than one hundred kilowatts AC but  
13 no more than five hundred kilowatts AC of electricity.

14 (d) In order to qualify for the remittance under (c) of this  
15 subsection, installation of the qualifying machinery and equipment  
16 must commence no earlier than January 1, 2020, and be completed by  
17 December 31, 2029.

18 (e) Beginning July 1, 2019, and through December 31, 2029, the  
19 purchaser is entitled to an exemption under this subsection (1)(e)  
20 in an amount equal to one hundred percent of the state and local  
21 sales tax due on:

22 (i) Machinery and equipment that is used directly in the  
23 generation of electricity by a solar energy system that is capable  
24 of generating no more than one hundred kilowatts AC of electricity; or

25 (ii) Labor and services rendered in respect to installing  
26 machinery and equipment exempt under (e)(i) of this subsection.

27 (f) Purchasers claiming an exemption under (e) of this  
28 subsection must provide the seller with an exemption certificate in  
29 a form and manner prescribed by the department.

30 (g) In order to qualify for the exemption under (e)(ii) of this  
31 subsection, installation of the qualifying machinery and equipment  
32 must commence no earlier than July 1, 2019, and be completed by  
33 December 31, 2029.

34

1 (2) For purposes of this section and RCW 82.12.962, the  
2 following definitions apply:

3 (a) "Biomass energy" includes: (i) By-products of pulping and  
4 wood manufacturing process; (ii) animal waste; (iii) solid organic  
5 fuels from wood; (iv) forest or field residues; (v) wooden  
6 demolition or construction debris; (vi) food waste; (vii) liquors  
7 derived from algae and other sources; (viii) dedicated energy crops;  
8 (ix) biosolids; and (x) yard waste. "Biomass energy" does not  
9 include wood pieces that have been treated with chemical  
10 preservatives such as creosote, pentachlorophenol, or  
11 copper-chrome-arsenic; wood from old growth forests; or municipal  
12 solid waste.

13 (b) "Fuel cell" means an electrochemical reaction that generates  
14 electricity by combining atoms of hydrogen and oxygen in the  
15 presence of a catalyst.

16 (c)(i) "Machinery and equipment" means fixtures, devices, and  
17 support facilities that are integral and necessary to the generation  
18 of electricity using fuel cells, wind, sun, biomass energy, tidal or  
19 wave energy, geothermal resources, or technology that converts  
20 otherwise lost energy from exhaust.

21 (ii) "Machinery and equipment" does not include: (A)  
22 Hand-powered tools; (B) property with a useful life of less than one  
23 year; (C) repair parts required to restore machinery and equipment  
24 to normal working order; (D) replacement parts that do not increase  
25 productivity, improve efficiency, or extend the useful life of  
26 machinery and equipment; (E) buildings; or (F) building fixtures  
27 that are not integral and necessary to the generation of electricity  
28 that are permanently affixed to and become a physical part of a  
29 building.

30 (3)(a) Machinery and equipment is "used directly" in generating  
31 electricity by wind energy, solar energy, biomass energy, tidal or  
32 wave energy, geothermal resources, or technology that converts  
33 otherwise lost energy from exhaust if it provides any part of the  
34 process that captures the energy of the wind, sun, biomass energy,

1 tidal or wave energy, geothermal resources, or technology that  
2 converts otherwise lost energy from exhaust, converts that energy to  
3 electricity, and stores, transforms, or transmits that electricity  
4 for entry into or operation in parallel with electric transmission  
5 and distribution systems.

6 (b) Machinery and equipment is "used directly" in generating  
7 electricity by fuel cells if it provides any part of the process  
8 that captures the energy of the fuel, converts that energy to  
9 electricity, and stores, transforms, or transmits that electricity  
10 for entry into or operation in parallel with electric transmission  
11 and distribution systems.

12 (4)(a) A purchaser claiming an exemption in the form of a  
13 remittance under subsection (1)(b) or (c) of this section must pay  
14 the tax imposed by RCW 82.08.020 and all applicable local sales  
15 taxes imposed under the authority of chapters 82.14 and 81.104 RCW.  
16 The purchaser may then apply to the department for remittance in a  
17 form and manner prescribed by the department. A purchaser may not  
18 apply for a remittance under this section more frequently than once  
19 per quarter. The purchaser must specify the amount of exempted tax  
20 claimed and the qualifying purchases for which the exemption is  
21 claimed. The purchaser must retain, in adequate detail, records to  
22 enable the department to determine whether the purchaser is entitled  
23 to an exemption under this section, including: Invoices; proof of  
24 tax paid; and documents describing the machinery and equipment.

25 (b) The department must determine eligibility under this section  
26 based on the information provided by the purchaser, which is subject  
27 to audit verification by the department. The department must on a  
28 quarterly basis remit exempted amounts to qualifying purchasers who  
29 submitted applications during the previous quarter.

30 (5)(a) ~~((The exemption provided by this section expires September~~  
31 ~~30, 2017, as it applies to:)) Except as otherwise provided in (c) of  
32 this subsection, from October 1, 2017, through December 31, 2019,  
33 the exemption provided by this section does not apply to: (i)  
34 Machinery and equipment that is used directly in the generation of~~

1 electricity using solar energy and capable of generating no more  
2 than five hundred kilowatts AC of electricity; or ~~((b))~~ (ii) sales  
3 of or charges made for labor and services rendered in respect to  
4 installing such machinery and equipment.

5 (b) The exemption provided by this section is reinstated for  
6 machinery and equipment for solar energy systems capable of  
7 generating more than one hundred kilowatts AC but no more than five  
8 hundred kilowatts AC of electricity, or sales of or charges made for  
9 labor and services rendered in respect to installing such machinery  
10 and equipment, if installation of the machinery and equipment  
11 commences on or after January 1, 2020.

12 (c) The exemption provided by this section is reinstated for  
13 machinery and equipment for solar energy systems capable of  
14 generating no more than one hundred kilowatts AC of electricity, or  
15 sales of or charges made for labor and services rendered in respect  
16 to installing such machinery and equipment, if installation of the  
17 machinery and equipment commences on or after July 1, 2019.

18 ~~((6))~~ (7) This section expires January 1, ~~((2020))~~ 2030.

19

20 **Sec. 19.** RCW 82.12.962 and 2018 c 164 s 7 are each amended to  
21 read as follows:

22 (1)(a) ~~((Except as provided in RCW 82.12.963, consumers who have~~  
23 ~~paid))~~ Subject to the requirements of this section, the tax imposed  
24 by RCW 82.12.020 ~~((on))~~ does not apply to machinery and equipment  
25 used directly in generating electricity using fuel cells, wind, sun,  
26 biomass energy, tidal or wave energy, geothermal resources, or  
27 technology that converts otherwise lost energy from exhaust, or to  
28 ~~((sales of or charges made for))~~ labor and services rendered in  
29 respect to installing such machinery and equipment, ~~((are eligible~~  
30 ~~for an exemption as provided in this section,))~~ but only if the  
31 purchaser develops with such machinery, equipment, and labor a  
32 facility capable of generating not less than one thousand watts AC  
33 of electricity. Except as otherwise provided in this section, the  
34 consumer must pay the state and local use tax on the use of such

1 machinery and equipment and labor and services, and apply to the  
2 department for a remittance of the tax paid.

3 (b) Beginning on July 1, 2011, through (~~January 1, 2020~~)  
4 December 31, 2019, the amount of the exemption under this subsection  
5 (1) is equal to seventy-five percent of the state and local  
6 (~~sales~~) use tax paid. The consumer is eligible for an exemption  
7 under this subsection (1)(b) in the form of a remittance.

8 (c) Beginning January 1, 2020, through December 31, 2029, the  
9 purchaser is entitled to an exemption, in the form of a remittance,  
10 under this subsection (1)(c) in an amount equal to:

11 (i) Seventy-five percent of the state and local use tax paid, if:

12 (A) The exempt purchase is for machinery and equipment or labor  
13 and services rendered in respect to installing such machinery and  
14 equipment in (a) of this subsection, excluding qualified purchases  
15 under (c)(i)(B) of this subsection; or

16 (B) The exempt purchase is for machinery and equipment that is  
17 used directly in the generation of electricity by a solar energy  
18 system capable of generating more than one hundred kilowatts AC but  
19 no more than five hundred kilowatts AC of electricity, or labor and  
20 services rendered in respect to installing such machinery and  
21 equipment.

22 (d) In order to qualify for the remittance under (c) of this  
23 subsection, installation of the qualifying machinery and equipment  
24 must commence no earlier than January 1, 2020, and be completed by  
25 December 31, 2029.

26 (e) Beginning July 1, 2019, and through December 31, 2029, the  
27 consumer is entitled to an exemption under this subsection (1)(e) in  
28 an amount equal to one hundred percent of the state and local use  
29 tax due on:

30 (i) Machinery and equipment that is used directly in the  
31 generation of electricity by a solar energy system that is capable  
32 of generating no more than one hundred kilowatts AC of electricity; or

33 (ii) Labor and services rendered in respect to installing  
34 machinery and equipment exempt under (e)(i) of this subsection.

1 (f) In order to qualify for the exemption under (e)(ii) of this  
2 subsection, installation of the qualifying machinery and equipment  
3 must commence no earlier than July 1, 2019, and be completed by  
4 December 31, 2029.

5 (2)(a) A person claiming an exemption in the form of a  
6 remittance under subsection (1)(b) and (c) of this section must pay  
7 the tax imposed by RCW 82.12.020 and all applicable local use taxes  
8 imposed under the authority of chapters 82.14 and 81.104 RCW. The  
9 consumer may then apply to the department for remittance in a form  
10 and manner prescribed by the department. A consumer may not apply  
11 for a remittance under this section more frequently than once per  
12 quarter. The consumer must specify the amount of exempted tax  
13 claimed and the qualifying purchases or acquisitions for which the  
14 exemption is claimed. The consumer must retain, in adequate detail,  
15 records to enable the department to determine whether the consumer  
16 is entitled to an exemption under this section, including: Invoices;  
17 proof of tax paid; and documents describing the machinery and  
18 equipment.

19 (b) The department must determine eligibility for remittances  
20 under this section based on the information provided by the  
21 consumer, which is subject to audit verification by the department.  
22 The department must on a quarterly basis remit exempted amounts to  
23 qualifying consumers who submitted applications during the previous  
24 quarter.

25 (3) Purchases exempt under RCW 82.08.962 are also exempt from  
26 the tax imposed under RCW 82.12.020.

27 (4) The definitions in RCW 82.08.962 apply to this section.

28 (5) The exemption provided in subsection (1) of this section  
29 does not apply:

30 (a) To machinery and equipment used directly in the generation  
31 of electricity using solar energy and capable of generating no more  
32 than five hundred kilowatts AC of electricity, or to sales of or  
33 charges made for labor and services rendered in respect to  
34 installing such machinery and equipment, when first use within this

1 state of such machinery and equipment, or labor and services, occurs  
2 after September 30, 2017, and before January 1, 2020, except as  
3 otherwise provided in subsection (7) of this section; and

4 (b) To any other machinery and equipment described in subsection  
5 (1)(a) of this section, or to sales of or charges made for labor and  
6 services rendered in respect to installing such machinery or  
7 equipment, when first use within this state of such machinery and  
8 equipment, or labor and services, occurs after December 31, ((2019))  
9 2029.

10 (6)(a) The exemption provided by this section is reinstated for  
11 machinery and equipment for solar energy systems capable of  
12 generating more than one hundred kilowatts AC but no more than five  
13 hundred kilowatts AC of electricity, or sales of or charges made for  
14 labor and services rendered in respect to installing such machinery  
15 and equipment, if first use within the state of the machinery and  
16 equipment commences on or after January 1, 2020.

17 (b) The exemption provided by this section is reinstated for  
18 machinery and equipment for solar energy systems capable of  
19 generating no more than one hundred kilowatts AC of electricity, or  
20 sales of or charges made for labor and services rendered in respect  
21 to installing such machinery and equipment, if first use within the  
22 state of the machinery and equipment commences on or after July 1,  
23 2019.

24 (7) This section expires January 1, ((2020)) 2030."

**EFFECT:** Removes all labor and contractor requirements for the purposes of the sales and use tax preferences for certain alternative energy systems and solar energy systems. Provides a sales and use tax exemption, in the form of a remittance, beginning January 1, 2020, through December 31, 2029, in an amount equal to seventy-five percent of the state and local sales tax paid for certain alternative energy systems and for solar energy systems greater than 100 kilowatts AC but less than 500 kilowatts AC in size.

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