

E2SSB 5116 - H AMD TO APP COMM AMD (H-2810.1/19) **628**

By Representative Young

WITHDRAWN 04/11/2019

1 On page 36, beginning on line 19, strike all of sections 18 and 19
2 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) Eighty-five percent of the state and local sales tax paid, if:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 electricity, and stores, transforms, or transmits that electricity
2 for entry into or operation in parallel with electric transmission
3 and distribution systems.

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

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

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

28 (5)(a) (~~The exemption provided by this section expires September~~
29 ~~30, 2017, as it applies to~~) Except as otherwise provided in (c) of
30 this subsection, from October 1, 2017, through December 31, 2019,
31 the exemption provided by this section does not apply to: (i)
32 Machinery and equipment that is used directly in the generation of
33 electricity using solar energy and capable of generating no more
34 than five hundred kilowatts AC of electricity; or (~~(b)~~) (ii) sales

1 of or charges made for labor and services rendered in respect to
2 installing such machinery and equipment.

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

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

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

17

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

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

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

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

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

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

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

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

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

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

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

33 (f) In order to qualify for the exemption under (e)(ii) of this
34 subsection, installation of the qualifying machinery and equipment

1 must commence no earlier than July 1, 2019, and be completed by
2 December 31, 2029.

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

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

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

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

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

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

1 after September 30, 2017, and before January 1, 2020, except as
2 otherwise provided in subsection (7) of this section; and

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

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

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

23 (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 eighty-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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