
ENGROSSED SUBSTITUTE HOUSE BILL 2825

State of Washington

66th Legislature

2020 Regular Session

By House Finance (originally sponsored by Representatives Goehner, Chapman, Steele, Dent, DeBolt, Mosbrucker, Mead, Boehnke, Tarleton, Orcutt, Dufault, McCaslin, Ybarra, Blake, Fitzgibbon, and Shea)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to promoting oil-free hydroelectric turbine
2 technology; adding a new section to chapter 82.08 RCW; adding a new
3 section to chapter 82.12 RCW; creating a new section; providing an
4 effective date; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
7 RCW to read as follows:

8 (1) A taxpayer is eligible for an exemption, in the form of a
9 remittance, from the tax levied by RCW 82.08.020 on:

10 (a) The sale of oil-free adjustable blade hubs for hydroelectric
11 turbines;

12 (b) The sale of or charge made for labor and services rendered in
13 respect to constructing, installing, repairing, altering, cleaning,
14 or improving oil-free adjustable blade hubs for hydroelectric
15 turbines; and

16 (c) The sale of tangible personal property that will become a
17 component of oil-free adjustable blade hubs for hydroelectric
18 turbines during the course of constructing, installing, repairing,
19 altering, cleaning, or improving oil-free adjustable blade hubs for
20 hydroelectric turbines.

1 (2)(a) Any taxpayer claiming exemption from retail sales tax
2 under the provisions of this section must pay the state and local
3 sales tax to the seller at the time of purchase and then request a
4 remittance from the department in accordance with this subsection.
5 The request for remittance must include any information and
6 documentation as required by the department, which may include the
7 sales price of any goods or services purchased, the amount of sales
8 tax paid on the item, the date of the purchase, the name of the
9 seller and the physical address where the sale took place, and copies
10 of sales receipts showing the qualified purchases.

11 (b) Requests for remittance must be made on an annual basis. A
12 taxpayer may not submit more than one request for remittance for a
13 given calendar year, except to amend a request.

14 (c) As part of the application for a remittance under this
15 section, in cases where the labor and services as described in
16 subsection (1)(b) of this section are provided under contract, the
17 taxpayer must attest:

18 (i)(A) That the contractors on the project, for which the labor
19 and services described in subsection (1)(b) of this section are
20 rendered, have a history of complying with federal and state wage and
21 hour laws and regulations; or

22 (B) That the project, for which the labor and services described
23 in subsection (1)(b) of this section are rendered, is developed under
24 a community workforce agreement or project labor agreement; or

25 (ii) That, if the contract for labor and services described under
26 subsection (1)(b) of this section was executed prior to July 1, 2020,
27 and the remaining labor and services will be rendered on or after
28 July 1, 2020, either of the conditions in (c)(i) of this subsection
29 (2) is met and wages consistent with chapter 39.12 RCW are paid on
30 the project.

31 (d) If the department determines that any of the facts attested
32 to as required under (c) of this subsection are not true, the
33 department must deny the application for remittance. However, nothing
34 in this section requires the department to endeavor to determine the
35 veracity of the facts attested to as required under (c) of this
36 subsection. Upon the department's request, state agencies must
37 provide assistance to the department in reviewing the information
38 submitted by a generating utility as required by (c) of this
39 subsection.

1 (e) Any taxpayer claiming exemption from retail sales tax under
2 the provisions of this section must also report to the department the
3 amount of energy expected to be generated by the hydroelectric
4 turbines associated with the exemption in the twelve months following
5 the date of the request. The department must make this information
6 available to the joint legislative audit and review committee.

7 (3) The exemption provided by this section is only for the state
8 portion of the sales tax. For purposes of this section, the state
9 portion of the sales tax is not reduced by any local sales tax that
10 is deducted or credited against the state sales tax as provided by
11 law.

12 (4) The definitions in this subsection apply throughout this
13 section and section 2 of this act unless the context clearly requires
14 otherwise:

15 (a) "Electric utility" has the same meaning as defined in RCW
16 19.29A.010.

17 (b) "Hydroelectric turbine" means a mechanical wheel that is
18 moved by water and connected to a generator to produce electricity in
19 a hydroelectric project owned by an electric utility.

20 (c) "Oil-free adjustable blade hub for hydroelectric turbines"
21 means a type of horizontal or vertical hydroelectric turbine with
22 adjustable blades that does not use oil on the runner hub to
23 lubricate the internal components.

24 (5) This section expires July 1, 2030.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
26 RCW to read as follows:

27 (1) A taxpayer is eligible for an exemption, in the form of a
28 remittance, from the tax levied by RCW 82.12.020 on:

29 (a) Oil-free adjustable blade hubs for hydroelectric turbines;

30 (b) Labor and services rendered in respect to constructing,
31 installing, repairing, altering, cleaning, or improving oil-free
32 adjustable blade hubs for hydroelectric turbines; and

33 (c) Tangible personal property that will become a component of
34 oil-free adjustable blade hubs for hydroelectric turbines during the
35 course of constructing, installing, repairing, altering, cleaning, or
36 improving oil-free adjustable blade hubs for hydroelectric turbines.

37 (2) All of the eligibility requirements, conditions, limitations,
38 and definitions in section 1 of this act apply to this section.

39 (3) This section expires July 1, 2030.

1 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
2 performance statement for the tax preference contained in sections 1
3 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of this act).
4 This performance statement is only intended to be used for subsequent
5 evaluation of the tax preference. It is not intended to create a
6 private right of action by any party or to be used to determine
7 eligibility for preferential tax treatment.

8 (2) The legislature categorizes this tax preference as one
9 intended to improve industry competitiveness as indicated in RCW
10 82.32.808(2)(b).

11 (3) It is the legislature's specific public policy objective to
12 promote the use of oil-free hydroelectric turbine technology.

13 (4) If a review finds that there is an increase in the number of
14 taxpayers claiming the exemption provided in this act and in the
15 amount of energy generated by the hydroelectric turbines associated
16 with this exemption, then the legislature intends to extend the
17 expiration date of this tax preference.

18 (5) In order to obtain the data necessary to perform the review
19 in subsection (4) of this section, the joint legislative audit and
20 review committee may refer to any data collected by the state.

21 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2020.

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