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**SUBSTITUTE HOUSE BILL 2825**

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**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) Any taxpayer claiming exemption from retail sales tax under  
15 the provisions of this section must also report to the department the  
16 amount of energy expected to be generated by the hydroelectric  
17 turbines associated with the exemption in the twelve months following  
18 the date of the request. The department must make this information  
19 available to the joint legislative audit and review committee.

20 (3) The exemption provided by this section is only for the state  
21 portion of the sales tax. For purposes of this section, the state  
22 portion of the sales tax is not reduced by any local sales tax that  
23 is deducted or credited against the state sales tax as provided by  
24 law.

25 (4) The definitions in this subsection apply throughout this  
26 section and section 2 of this act unless the context clearly requires  
27 otherwise:

28 (a) "Electric utility" has the same meaning as defined in RCW  
29 19.29A.010.

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

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

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

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

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

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

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

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

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

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

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

21 (2) The legislature categorizes this tax preference as one  
22 intended to improve industry competitiveness as indicated in RCW  
23 82.32.808(2)(b).

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

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

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

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

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