
ENGROSSED SUBSTITUTE SENATE BILL 6012

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hawkins and Palumbo)

READ FIRST TIME 04/22/19.

1 AN ACT Relating to promoting renewable energy through modifying
2 tax incentives; adding a new section to chapter 82.08 RCW; adding a
3 new section to chapter 82.12 RCW; creating new sections; 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.** (1) This section is the tax preference
7 performance statement for the sales and use tax exemptions contained
8 in sections 2 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of
9 this act). This performance statement is only intended to be used for
10 subsequent evaluation of these tax preferences. It is not intended to
11 create a private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (2) The legislature categorizes these sales and use tax
14 exemptions as ones intended to induce certain designated behavior by
15 taxpayers, as indicated in RCW 82.32.808(2)(a).

16 (3) It is the legislature's specific public policy objective to
17 encourage hydroelectric facilities to install oil-free adjustable
18 blade hubs to reduce oil spills by reducing the price differential
19 between oil-free systems and traditional oil-operated mechanisms.

20 (4) If a review finds that a majority of new or replacement
21 turbines incorporate oil-free adjustable blade hubs, and oil-free

1 systems continue to cost more than traditional systems, then the
2 legislature intends to extend the expiration date of these tax
3 preferences.

4 (5) In order to obtain the data necessary to perform the review
5 in subsection (4) of this section, the joint legislative audit and
6 review committee must incorporate data provided by public utility
7 districts and businesses operating hydroelectric facilities that
8 claim the exemptions authorized in sections 2 and 3, chapter . . . ,
9 Laws of 2020 (sections 2 and 3 of this act), as well as information
10 provided by the department of revenue.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
12 RCW to read as follows:

13 (1) The tax imposed by RCW 82.08.020 does not apply to:

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

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

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

25 (2)(a) The exemption under this section is in the form of a
26 remittance and applies only to the state sales tax. A person claiming
27 an exemption from state tax in the form of a remittance under this
28 section must pay all state and local sales and use taxes. The buyer
29 may then apply to the department for remittance of one hundred
30 percent of the tax paid under RCW 82.08.020 and 82.12.020.

31 (b) The department must determine eligibility under this section
32 based on information provided by the buyer and through audit and
33 other administrative records. The buyer must on a quarterly basis
34 submit an information sheet, in a form and manner as required by the
35 department by rule, specifying the amount of exempted tax claimed and
36 the qualifying purchases or acquisitions for which the exemption is
37 claimed. The buyer must retain, in adequate detail to enable the
38 department to determine whether the oil-free adjustable blade hub and
39 related labor and services meet the criteria under this section:

1 Invoices; proof of tax paid; documents describing the equipment; and
2 construction invoices and documents.

3 (c) The department must on a quarterly basis remit exempted
4 amounts to qualifying persons who submitted applications during the
5 previous quarter.

6 (d) With respect to a project to install oil-free adjustable
7 blade hubs, before the department may remit exempted amounts to
8 qualifying persons, the department of labor and industries must have
9 certified that the project compensates workers at prevailing wage
10 rates determined by local collective bargaining as determined by the
11 department of labor and industries.

12 (3) For the purposes of this section and section 3 of this act,
13 "oil-free adjustable blade hub for hydroelectric turbines" means a
14 type of horizontal or vertical hydroelectric turbine with adjustable
15 blades that does not use oil on the runner hub to lubricate the
16 internal components.

17 (4) This section expires July 1, 2030.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
19 RCW to read as follows:

20 (1) The tax imposed by RCW 82.12.020 does not apply to the use
21 of:

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

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

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

30 (2) The definitions, conditions, and requirements under section 2
31 of this act apply to this section.

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

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

34 NEW SECTION. **Sec. 5.** If the state fiscal impacts of this act,
35 referencing this act by bill or chapter number, are not referenced by

1 June 30, 2020, in the omnibus operating appropriations act, this act
2 is null and void.

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