

# SENATE BILL REPORT

## SB 5244

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As of January 27, 2021

**Title:** An act relating to encouraging the production of advanced nuclear reactors, small modular reactors, and components through the invest in Washington act.

**Brief Description:** Encouraging the production of advanced nuclear reactors, small modular reactors, and components through the invest in Washington act.

**Sponsors:** Senators Brown, Dozier, Holy, Mullet, Muzzall and Short.

**Brief History:**

**Committee Activity:** Environment, Energy & Technology: 1/28/21.

**Brief Summary of Bill**

- Extends the Invest in Washington pilot program to January 1, 2031.
- Encourages small modular reactor (SMR) and advanced nuclear reactor (ANR) as eligible investment projects under the revised Invest in Washington program.
- Defines SMRs and ANRs.

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Staff:** Julie Tran (786-7283)

**Background:** Small Modular Reactor. A traditional base-load nuclear power plant generates 1000 megawatts (MW) or more of electricity, while a small modular reactor (SMR) is a nuclear power plant designed to generate 300 MW or less. An SMR is also designed to be factory-fabricated and transportable by truck or rail to a nuclear power site. The U.S. Department of Energy's Office of Nuclear Energy has a program to advance the certification and licensing of domestic SMR designs.

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Invest in Washington Pilot Program. The Invest in Washington pilot program began in 2015. The program was established to evaluate the effectiveness of a program providing a tax incentive for businesses that invest in manufacturing facilities and equipment and reinvest those tax savings in employee training programs. The pilot program consists of two qualified facilities, one of which must be located in eastern Washington and one of which must be located in western Washington.

Eligible investment projects include up to \$10 million in sales and use tax on construction costs or purchases of qualified machinery and equipment. Amounts paid for constructing qualified buildings, machinery, and equipment are eligible for a sales and use tax deferral. The recipient of the deferral must begin repaying the deferred taxes five years after the date the project is operationally complete. There is no interest charged on deferred taxes, and the taxes may be repaid over a ten-year period in equal annual payments.

Deferred taxes, when repaid, are deposited in the Invest in Washington Account. The account, administered by the State Board for Community and Technical Colleges, must be used to support customized job training programs, job skills programs, job readiness training, workforce professional development, and to assist employers with state-approved apprenticeship programs for manufacturing and production occupations. The program expires January 1, 2026.

**Summary of Bill:** Invest in Washington pilot program is extended until January 1, 2031. A sales and use tax deferral is provided on the construction and cost of new, renovated, or expanded manufacturing facilities. Provisions limiting facilities to two per year, one in eastern Washington and one in western Washington are removed. Eligible investment projects is expanded to encourage those project, which produces advanced nuclear reactors, small modular reactors, or components of either reactors.

Small modular reactor means scalable nuclear power plants using reactors that (1) each have a gross power output no greater than 350 MW of electricity, and (2) are designed for factory manufacturing and ease of transport.

Advanced nuclear reactor means a nuclear fission reactor with significant improvements over the most recent generation of nuclear fission reactors, or a reactor using nuclear fusion.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 2021.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.