

SENATE BILL REPORT

SB 5244

As of January 28, 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.

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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: Available.

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

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

Staff Summary of Public Testimony: PRO: Nuclear energy is a vital way to address

climate change. Washington State is on the path to a 100 percent carbon-free future and there needs to be an "all above" portfolio. Advanced nuclear energy will help the state meet this goal by the new energy generation and manufacturing the components in the supply chain. This can show the world our commitment to energy. Washington can be a national and international leader in carbon emission reduction. Please invest in Washington and expand this program as it will open countless opportunities for education, investments, and jobs.

CON: SMRs have questionable applicability, higher cost, certain safety issues, and more nuclear waste. This is not the future of power generation. The cost and risk of nuclear energy far outweighs the potential benefits. Nuclear power produces nuclear waste and with no viable repository, the waste we generate is forever. This will be burdening us and the future generation for thousands of years. Taxpayer dollars should focus on carbon-free energy that is cost-efficient, safer, and less harmful to the environment.

OTHER: There are no viable repositories for nuclear waste and historically, there is a big impact on minorities. This process does not accurately reflect what the public wants.

Persons Testifying: PRO: Senator Sharon Brown, Prime Sponsor; Karl Pauls, Seattle Friends of Fission; Stephanie Swanberg, Tri-City Regional Chamber of Commerce; Jason Herbert, Energy Northwest; David Reeploeg, Tri-City Development Council; Rick Dunn, Benton PUD; George Wearn.

CON: Casey Burns; Carhy Sampson Kruse, Walla Walla Tribal Member; Cathryn Chudy; Stephen Tomlanovich, Washington Physician for Social Responsibility.

OTHER: Alan Kaptanoglu.

Persons Signed In To Testify But Not Testifying: No one.