
HOUSE BILL 1569

State of Washington

67th Legislature

2021 Regular Session

By Representatives Ramel, Orcutt, Ryu, Boehnke, Slatter, Shewmake, Paul, and Berry

Read first time 04/03/21. Referred to Committee on Finance.

1 AN ACT Relating to green electrolytic hydrogen; and amending RCW
2 82.08.816, 82.12.816, 82.29A.125, and 54.04.190.

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

4 **Sec. 1.** RCW 82.08.816 and 2019 c 287 s 11 are each amended to
5 read as follows:

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

7 (a) The sale of batteries or fuel cells for electric vehicles,
8 including batteries or fuel cells sold as a component of an electric
9 bus at the time of the vehicle's sale;

10 (b) The sale of or charge made for labor and services rendered in
11 respect to installing, repairing, altering, or improving electric
12 vehicle batteries or fuel cells;

13 (c) The sale of or charge made for labor and services rendered in
14 respect to installing, constructing, repairing, or improving battery
15 or fuel cell electric vehicle infrastructure, including hydrogen
16 fueling stations;

17 (d) The sale of tangible personal property that will become a
18 component of battery or fuel cell electric vehicle infrastructure
19 during the course of installing, constructing, repairing, or
20 improving battery or fuel cell electric vehicle infrastructure; and

21 (e) The sale of zero emissions buses.

1 (2) Sellers may make tax exempt sales under this section only if
2 the buyer provides the seller with an exemption certificate in a form
3 and manner prescribed by the department. The seller must retain a
4 copy of the certificate for the seller's files.

5 (3) On the last day of January, April, July, and October of each
6 year, the state treasurer, based upon information provided by the
7 department, must transfer from the multimodal transportation account
8 to the general fund a sum equal to the dollar amount that would
9 otherwise have been deposited into the general fund during the prior
10 calendar quarter but for the exemption provided in this section.
11 Information provided by the department to the state treasurer must be
12 based on the best available data, except that the department may
13 provide estimates of taxes exempted under this section until such
14 time as retailers are able to report such exempted amounts on their
15 tax returns.

16 (4) The definitions in this subsection apply throughout this
17 section unless the context clearly requires otherwise.

18 (a) "Battery charging station" means an electrical component
19 assembly or cluster of component assemblies designed specifically to
20 charge batteries within electric vehicles, which meet or exceed any
21 standards, codes, and regulations set forth by chapter 19.28 RCW and
22 consistent with rules adopted under RCW 19.27.540.

23 (b) "Battery exchange station" means a fully automated facility
24 that will enable an electric vehicle with a swappable battery to
25 enter a drive lane and exchange the depleted battery with a fully
26 charged battery through a fully automated process, which meets or
27 exceeds any standards, codes, and regulations set forth by chapter
28 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

29 (c) "Electric vehicle infrastructure" means structures,
30 machinery, and equipment necessary and integral to support a battery
31 or fuel cell electric vehicle, including battery charging stations,
32 rapid charging stations, battery exchange stations, fueling stations
33 that provide hydrogen for fuel cell electric vehicles, green
34 electrolytic hydrogen production facilities, and renewable hydrogen
35 production facilities.

36 (d) "Green electrolytic hydrogen" means hydrogen produced through
37 electrolysis, and does not include hydrogen manufactured using steam
38 reforming or any other conversion technology that produces hydrogen
39 from a fossil fuel feedstock.

1 (e) "Rapid charging station" means an industrial grade electrical
2 outlet that allows for faster recharging of electric vehicle
3 batteries through higher power levels, which meets or exceeds any
4 standards, codes, and regulations set forth by chapter 19.28 RCW and
5 consistent with rules adopted under RCW 19.27.540.

6 ~~((e))~~ (f) "Renewable hydrogen" means hydrogen produced using
7 renewable resources both as the source for hydrogen and the source
8 for the energy input into the production process.

9 ~~((f))~~ (g) "Renewable resource" means (i) water; (ii) wind;
10 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
11 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
12 (viii) biodiesel fuel that is not derived from crops raised on land
13 cleared from old growth or first growth forests; or (ix) biomass
14 energy.

15 ~~((g))~~ (h) "Zero emissions bus" means a bus that emits no
16 exhaust gas from the onboard source of power, other than water vapor.

17 (5) This section expires July 1, 2025.

18 **Sec. 2.** RCW 82.12.816 and 2019 c 287 s 12 are each amended to
19 read as follows:

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

22 (a) Electric vehicle batteries or fuel cells, including batteries
23 or fuel cells sold as a component of an electric bus at the time of
24 the vehicle's sale;

25 (b) Labor and services rendered in respect to installing,
26 repairing, altering, or improving electric vehicle batteries or fuel
27 cells;

28 (c) Tangible personal property that will become a component of
29 battery or fuel cell electric vehicle infrastructure during the
30 course of installing, constructing, repairing, or improving battery
31 or fuel cell electric vehicle infrastructure; and

32 (d) Zero emissions buses.

33 (2) The definitions in this subsection apply throughout this
34 section unless the context clearly requires otherwise.

35 (a) "Battery charging station" means an electrical component
36 assembly or cluster of component assemblies designed specifically to
37 charge batteries within electric vehicles, which meet or exceed any
38 standards, codes, and regulations set forth by chapter 19.28 RCW and
39 consistent with rules adopted under RCW 19.27.540.

1 (b) "Battery exchange station" means a fully automated facility
2 that will enable an electric vehicle with a swappable battery to
3 enter a drive lane and exchange the depleted battery with a fully
4 charged battery through a fully automated process, which meets or
5 exceeds any standards, codes, and regulations set forth by chapter
6 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

7 (c) "Electric vehicle infrastructure" means structures,
8 machinery, and equipment necessary and integral to support a battery
9 or fuel cell electric vehicle, including battery charging stations,
10 rapid charging stations, battery exchange stations, fueling stations
11 that provide hydrogen for fuel cell electric vehicles, green
12 electrolytic hydrogen production facilities, and renewable hydrogen
13 production facilities.

14 (d) "Green electrolytic hydrogen" means hydrogen produced through
15 electrolysis, and does not include hydrogen manufactured using steam
16 reforming or any other conversion technology that produces hydrogen
17 from a fossil fuel feedstock.

18 (e) "Rapid charging station" means an industrial grade electrical
19 outlet that allows for faster recharging of electric vehicle
20 batteries through higher power levels, which meets or exceeds any
21 standards, codes, and regulations set forth by chapter 19.28 RCW and
22 consistent with rules adopted under RCW 19.27.540.

23 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
24 renewable resources both as the source for hydrogen and the source
25 for the energy input into the production process.

26 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
27 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
28 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
29 (viii) biodiesel fuel that is not derived from crops raised on land
30 cleared from old growth or first growth forests; or (ix) biomass
31 energy.

32 (~~(g)~~) (h) "Zero emissions bus" means a bus that emits no
33 exhaust gas from the onboard source of power, other than water vapor.

34 (3) On the last day of January, April, July, and October of each
35 year, the state treasurer, based upon information provided by the
36 department, must transfer from the multimodal transportation account
37 to the general fund a sum equal to the dollar amount that would
38 otherwise have been deposited into the general fund during the prior
39 calendar quarter but for the exemption provided in this section.
40 Information provided by the department to the state treasurer must be

1 based on the best available data, except that the department may
2 provide estimates of taxes exempted under this section until such
3 time as retailers are able to report such exempted amounts on their
4 tax returns.

5 (4) This section expires July 1, 2025.

6 **Sec. 3.** RCW 82.29A.125 and 2019 c 287 s 14 are each amended to
7 read as follows:

8 (1) Leasehold excise tax may not be imposed on leases to tenants
9 of public lands for purposes of installing, maintaining, and
10 operating electric vehicle infrastructure.

11 (2) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a) "Battery charging station" means an electrical component
14 assembly or cluster of component assemblies designed specifically to
15 charge batteries within electric vehicles, which meet or exceed any
16 standards, codes, and regulations set forth by chapter 19.28 RCW and
17 consistent with rules adopted under RCW 19.27.540.

18 (b) "Battery exchange station" means a fully automated facility
19 that will enable an electric vehicle with a swappable battery to
20 enter a drive lane and exchange the depleted battery with a fully
21 charged battery through a fully automated process, which meets or
22 exceeds any standards, codes, and regulations set forth by chapter
23 19.28 RCW and consistent with rules adopted under RCW 19.27.540.

24 (c) "Electric vehicle infrastructure" means structures,
25 machinery, and equipment necessary and integral to support an
26 electric vehicle, including battery charging stations, rapid charging
27 stations, battery exchange stations, fueling stations that provide
28 hydrogen for fuel cell electric vehicles, green electrolytic hydrogen
29 production facilities, and renewable hydrogen production facilities.

30 (d) "Green electrolytic hydrogen" means hydrogen produced through
31 electrolysis, and does not include hydrogen manufactured using steam
32 reforming or any other conversion technology that produces hydrogen
33 from a fossil fuel feedstock.

34 (e) "Rapid charging station" means an industrial grade electrical
35 outlet that allows for faster recharging of electric vehicle
36 batteries through higher power levels, which meets or exceeds any
37 standards, codes, and regulations set forth by chapter 19.28 RCW and
38 consistent with rules adopted under RCW 19.27.540.

1 (~~(e)~~) (f) "Renewable hydrogen" means hydrogen produced using
2 renewable resources both as the source for hydrogen and the source
3 for energy input into the production process.

4 (~~(f)~~) (g) "Renewable resource" means (i) water; (ii) wind;
5 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
6 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
7 (viii) biodiesel fuel that is not derived from crops raised on land
8 cleared from old growth or first growth forests; or (ix) biomass
9 energy.

10 (3) This section expires July 1, 2025.

11 **Sec. 4.** RCW 54.04.190 and 2019 c 24 s 1 are each amended to read
12 as follows:

13 (1) In addition to any other authority provided by law, public
14 utility districts are authorized to produce and distribute biodiesel,
15 ethanol, and ethanol blend fuels, including entering into crop
16 purchase contracts for a dedicated energy crop for the purpose of
17 generating electricity or producing biodiesel produced from
18 Washington feedstocks, cellulosic ethanol, and cellulosic ethanol
19 blend fuels for use in internal operations of the electric utility
20 and for sale or distribution.

21 (2) In addition to any other authority provided by law:

22 (a) Public utility districts are authorized to produce renewable
23 natural gas, green electrolytic hydrogen, and renewable hydrogen and
24 utilize the renewable natural gas, green electrolytic hydrogen, or
25 renewable hydrogen they produce for internal operations.

26 (b) Public utility districts may sell renewable natural gas, green
27 electrolytic hydrogen, or renewable hydrogen that is delivered
28 into a gas transmission pipeline located in the state of Washington
29 or delivered in pressurized containers:

30 (i) At wholesale;

31 (ii) To an end-use customer; or

32 (iii) If delivered in a pressurized container, or if the end-use
33 customer takes delivery of the renewable natural gas, green
34 electrolytic hydrogen, or renewable hydrogen through a pipeline, and
35 the end-use customer is an eligible purchaser of natural gas from
36 sellers other than the gas company from which that end-use customer
37 takes transportation service and:

38 (A) When the sale is made to an end-use customer in the state of
39 Washington, the sale is made pursuant to a transportation tariff

1 approved by the Washington utilities and transportation commission;
2 or

3 (B) When the sale to an end-use customer is made outside of the
4 state of Washington, the sale is made pursuant to a transportation
5 tariff approved by the state agency which regulates retail sales of
6 natural gas.

7 (c) Public utility districts may sell renewable natural gas,
8 green electrolytic hydrogen, or renewable hydrogen at wholesale or to
9 an end-use customer through a pipeline directly from renewable
10 natural gas, green electrolytic hydrogen, or renewable hydrogen
11 production facilities to facilities that compress, liquefy, or
12 dispense compressed natural gas, liquefied natural gas, green
13 electrolytic hydrogen, or renewable hydrogen fuel for end use as a
14 transportation fuel.

15 (d) Public utility districts may sell green electrolytic hydrogen
16 or renewable hydrogen at wholesale or to an end-use customer in
17 pressurized containers directly from green electrolytic hydrogen or
18 renewable hydrogen production facilities to facilities that utilize
19 green electrolytic hydrogen or renewable hydrogen as a nonutility
20 related input for a manufacturing process.

21 (3) Except as provided in subsection (2)(b)(iii) of this section,
22 nothing in this section authorizes a public utility district to sell
23 renewable natural gas, green electrolytic hydrogen, or renewable
24 hydrogen delivered by pipeline to an end-use customer of a gas
25 company.

26 (4)(a) Except as provided in this subsection (4), nothing in this
27 section authorizes a public utility district to own or operate
28 natural gas distribution pipeline systems used to serve retail
29 customers.

30 (b) For the purposes of subsection (2)(b) of this section, public
31 utility districts are authorized to own and operate interconnection
32 pipelines that connect renewable natural gas, green electrolytic
33 hydrogen, or renewable hydrogen production facilities to gas
34 transmission pipelines.

35 (c) For the purposes of subsection (2)(c) of this section, public
36 utility districts may own and/or operate pipelines to supply, and/or
37 compressed natural gas, liquefied natural gas, green electrolytic
38 hydrogen, or renewable hydrogen facilities to provide, renewable
39 natural gas, green electrolytic hydrogen, or renewable hydrogen for
40 end use as a transportation fuel if all such pipelines and facilities

1 are located in the county in which the public utility district is
2 authorized to provide utility service.

3 (5) Exercise of the authorities granted under this section to
4 public utility districts does not subject them to the jurisdiction of
5 the utilities and transportation commission, except that public
6 utility districts are subject only to administration and enforcement
7 by the commission of state and federal requirements related to
8 pipeline safety and fees payable to the commission that are
9 applicable to such administration and enforcement.

10 (6) The definitions in this subsection apply throughout this
11 section unless the context clearly requires otherwise.

12 (a) "Green electrolytic hydrogen" means hydrogen produced through
13 electrolysis, and does not include hydrogen manufactured using steam
14 reforming or any other conversion technology that produces hydrogen
15 from a fossil fuel feedstock.

16 (b) "Renewable natural gas" means a gas consisting largely of
17 methane and other hydrocarbons derived from the decomposition of
18 organic material in landfills, wastewater treatment facilities, and
19 anaerobic digesters.

20 ((~~b~~)) (c) "Renewable hydrogen" means hydrogen produced using
21 renewable resources both as the source for the hydrogen and the
22 source for the energy input into the production process.

23 ((~~e~~)) (d) "Renewable resource" means: (i) Water; (ii) wind;
24 (iii) solar energy; (iv) geothermal energy; (v) renewable natural
25 gas; (vi) renewable hydrogen; (vii) wave, ocean, or tidal power;
26 (viii) biodiesel fuel that is not derived from crops raised on land
27 cleared from old growth or first growth forests; or (ix) biomass
28 energy.

29 ((~~d~~)) (e) "Gas company" has the same meaning as in RCW
30 80.04.010.

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