
ENGROSSED SENATE BILL 5849

State of Washington

67th Legislature

2022 Regular Session

By Senator Warnick

Read first time 01/13/22. Referred to Committee on Business,
Financial Services & Trade.

1 AN ACT Relating to tax incentives; amending RCW 82.25.030 and
2 82.04.294; creating a new section; providing an effective date; and
3 providing an expiration date.

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

5 **Sec. 1.** RCW 84.25.030 and 2021 c 218 s 1 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "City" means any city or town.

10 (2) "Family living wage job" means a job that offers health care
11 benefits with a wage that is sufficient for raising a family. A
12 family living wage job must have an average wage of \$23 an hour or
13 more, working 2,080 hours per year on the subject site, as adjusted
14 annually for inflation by the consumer price index. The family living
15 wage may be increased by the local authority based on regional
16 factors and wage conditions.

17 (3) "Governing authority" means the local legislative authority
18 of a city or county having jurisdiction over the property for which
19 an exemption may be applied for under this chapter.

20 (4) "Growth management act" means chapter 36.70A RCW.

1 (5) "Industrial/manufacturing facilities" means building
2 improvements that are 10,000 square feet or larger, representing a
3 minimum improvement valuation of \$800,000 for uses categorized as
4 "division D: manufacturing" or "division E: transportation (major
5 groups 40-42, 45, or 47-48)" by the United States department of labor
6 in the occupation safety and health administration's standard
7 industrial classification manual, provided, a city may limit the tax
8 exemption to manufacturing uses.

9 (6) "Lands zoned for industrial and manufacturing uses" means
10 lands in a city zoned (~~as of December 31, 2014,~~) for an industrial
11 or manufacturing use consistent with the city's comprehensive plan
12 where the lands are designated for industry.

13 (7) "Owner" means the property owner of record.

14 (8) "Targeted area" means an area of undeveloped lands zoned for
15 industrial and manufacturing uses in the city that is located within
16 or contiguous to an innovation partnership zone, foreign trade zone,
17 or EB-5 regional center, and designated for possible exemption under
18 the provisions of this chapter.

19 (9) "Undeveloped or underutilized" means that there are no
20 existing building improvements on the portions of the property
21 targeted for new or expanded industrial or manufacturing uses.

22 **Sec. 2.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each
23 amended to read as follows:

24 (1) Upon every person engaging within this state in the business
25 of manufacturing solar energy systems using photovoltaic modules or
26 stirling converters, or of manufacturing solar grade silicon, silicon
27 solar wafers, silicon solar cells, thin film solar devices, or
28 compound semiconductor solar wafers to be used exclusively in
29 components of such systems; as to such persons the amount of tax with
30 respect to such business is, in the case of manufacturers, equal to
31 the value of the product manufactured, or in the case of processors
32 for hire, equal to the gross income of the business, multiplied by
33 the rate of 0.275 percent.

34 (2) Upon every person engaging within this state in the business
35 of making sales at wholesale of solar energy systems using
36 photovoltaic modules or stirling converters, or of solar grade
37 silicon, silicon solar wafers, silicon solar cells, thin film solar
38 devices, or compound semiconductor solar wafers to be used
39 exclusively in components of such systems, manufactured by that

1 person; as to such persons the amount of tax with respect to such
2 business is equal to the gross proceeds of sales of the solar energy
3 systems using photovoltaic modules or stirling converters, or of the
4 solar grade silicon to be used exclusively in components of such
5 systems, multiplied by the rate of 0.275 percent.

6 (3) Silicon solar wafers, silicon solar cells, thin film solar
7 devices, solar grade silicon, or compound semiconductor solar wafers
8 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
9 82.12.9651.

10 (4) The definitions in this subsection apply throughout this
11 section.

12 (a) "Compound semiconductor solar wafers" means a semiconductor
13 solar wafer composed of elements from two or more different groups of
14 the periodic table.

15 (b) "Module" means the smallest nondivisible self-contained
16 physical structure housing interconnected photovoltaic cells and
17 providing a single direct current electrical output.

18 (c) "Photovoltaic cell" means a device that converts light
19 directly into electricity without moving parts.

20 (d) "Silicon solar cells" means a photovoltaic cell manufactured
21 from a silicon solar wafer.

22 (e) "Silicon solar wafers" means a silicon wafer manufactured for
23 solar conversion purposes.

24 (f) "Solar energy system" means any device or combination of
25 devices or elements that rely upon direct sunlight as an energy
26 source for use in the generation of electricity.

27 (g) "Solar grade silicon" means high-purity silicon used
28 exclusively in components of solar energy systems using photovoltaic
29 modules to capture direct sunlight. "Solar grade silicon" does not
30 include silicon used in semiconductors.

31 (h) "Stirling converter" means a device that produces electricity
32 by converting heat from a solar source utilizing a stirling engine.

33 (i) "Thin film solar devices" means a nonparticipating substrate
34 on which various semiconducting materials are deposited to produce a
35 photovoltaic cell that is used to generate electricity.

36 (5) A person reporting under the tax rate provided in this
37 section must file a complete annual tax performance report with the
38 department under RCW 82.32.534.

39 (6) This section expires July 1, ((2027)) 2032.

1 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
2 performance statement for the tax preference contained in section 2,
3 chapter . . . , Laws of 2022 (section 2 of this act). This performance
4 statement is only intended to be used for subsequent evaluation of
5 the tax preference. It is not intended to create a private right of
6 action by any party or be used to determine eligibility for
7 preferential tax treatment.

8 (2) The legislature categorizes this tax preference as one
9 intended to improve industry competitiveness and to create and retain
10 jobs as indicated in RCW 82.32.808(2) (b) and (c).

11 (3) It is the legislature's specific public policy objective to
12 maintain and grow jobs in the solar silicon industry. Trade disputes
13 currently threaten employment in this sector. It is the legislature's
14 intent to extend by five years the preferential tax rates for
15 manufacturers and wholesalers of specific solar energy material and
16 parts in order to maintain and grow jobs in the solar silicon
17 industry.

18 (4) If a review finds that the number of people employed by the
19 solar silicon industry in Washington is the same or more than in
20 2019, and that at least 60 percent of employees earn \$60,000 a year
21 or more, then the legislature intends to extend the expiration date
22 of the tax preference.

23 (5) In order to obtain the data necessary to perform the review
24 in subsection (4) of this section, the joint legislative audit and
25 review committee may refer to the department of revenue's annual
26 survey data.

27 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2022.

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