
SENATE BILL 6111

State of Washington 60th Legislature 2007 Regular Session

By Senators Hobbs, Poulsen, Jacobsen and Tom

Read first time 02/22/2007. Referred to Committee on Natural Resources, Ocean & Recreation.

1 AN ACT Relating to generating electricity from tidal and wave
2 energy; amending RCW 82.08.02567, 82.12.02567, and 82.16.055; adding a
3 new section to chapter 43.31 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that tidal and wave
6 energy is a renewable energy resource, and that Washington's coastal
7 areas and estuaries provide an abundance of potential resources for
8 this emerging technology for the generation of electrical power. The
9 legislature further finds that state assistance to this emerging
10 technology is appropriate and should be comparable to assistance
11 provided to other renewable energy technologies, including wind and
12 solar power.

13 **Sec. 2.** RCW 82.08.02567 and 2004 c 152 s 1 are each amended to
14 read as follows:

15 (1) The tax levied by RCW 82.08.020 shall not apply to sales of
16 machinery and equipment used directly in generating electricity using
17 fuel cells, wind, sun, tidal or wave energy, or landfill gas as the
18 principal source of power, or to sales of or charges made for labor and

1 services rendered in respect to installing such machinery and
2 equipment, but only if the purchaser develops with such machinery,
3 equipment, and labor a facility capable of generating not less than two
4 hundred watts of electricity and provides the seller with an exemption
5 certificate in a form and manner prescribed by the department. The
6 seller shall retain a copy of the certificate for the seller's files.

7 (2) For purposes of this section and RCW 82.12.02567:

8 (a) "Landfill gas" means biomass fuel of the type qualified for
9 federal tax credits under 26 U.S.C. Sec. 29 collected from a landfill.
10 "Landfill" means a landfill as defined under RCW 70.95.030;

11 (b) "Machinery and equipment" means industrial fixtures, devices,
12 and support facilities that are integral and necessary to the
13 generation of electricity using fuel cells, wind, sun, or landfill gas
14 as the principal source of power;

15 (c) "Machinery and equipment" does not include: (i) Hand-powered
16 tools; (ii) property with a useful life of less than one year; (iii)
17 repair parts required to restore machinery and equipment to normal
18 working order; (iv) replacement parts that do not increase
19 productivity, improve efficiency, or extend the useful life of
20 machinery and equipment; (v) buildings; or (vi) building fixtures that
21 are not integral and necessary to the generation of electricity that
22 are permanently affixed to and become a physical part of a building;

23 (d) Machinery and equipment is "used directly" in generating
24 electricity with fuel cells or by wind energy, solar energy, or
25 landfill gas power if it provides any part of the process that captures
26 the energy of the wind, sun, or landfill gas, converts that energy to
27 electricity, and stores, transforms, or transmits that electricity for
28 entry into or operation in parallel with electric transmission and
29 distribution systems;

30 (e) "Fuel cell" means an electrochemical reaction that generates
31 electricity by combining atoms of hydrogen and oxygen in the presence
32 of a catalyst.

33 (3) This section expires June 30, 2009.

34 **Sec. 3.** RCW 82.12.02567 and 2004 c 152 s 2 are each amended to
35 read as follows:

36 (1) The provisions of this chapter shall not apply with respect to
37 machinery and equipment used directly in generating not less than two

1 hundred watts of electricity using fuel cells, wind, sun, tidal or wave
2 energy, or landfill gas as the principal source of power, or to the use
3 of labor and services rendered in respect to installing such machinery
4 and equipment.

5 (2) The definitions in RCW 82.08.02567 apply to this section.

6 (3) This section expires June 30, 2009.

7 **Sec. 4.** RCW 82.16.055 and 1980 c 149 s 3 are each amended to read
8 as follows:

9 (1) In computing tax under this chapter there shall be deducted
10 from the gross income:

11 (a) An amount equal to the cost of production at the plant for
12 consumption within the state of Washington of:

13 (i) Electrical energy produced or generated from cogeneration as
14 defined in RCW 82.35.020; and

15 (ii) Electrical energy or gas produced or generated from renewable
16 energy resources such as solar energy, wind energy, tidal or wave
17 energy, hydroelectric energy, geothermal energy, wood, wood wastes,
18 municipal wastes, agricultural products and wastes, and end-use waste
19 heat; and

20 (b) Those amounts expended to improve consumers' efficiency of
21 energy end use or to otherwise reduce the use of electrical energy or
22 gas by the consumer.

23 (2) This section applies only to new facilities for the production
24 or generation of energy from cogeneration or renewable energy resources
25 or measures to improve the efficiency of energy end use on which
26 construction or installation is begun after June 12, 1980, and before
27 January 1, 1990.

28 (3) Deductions under subsection (1)(a) of this section shall be
29 allowed for a period not to exceed thirty years after the project is
30 placed in operation.

31 (4) Measures or projects encouraged under this section shall at the
32 time they are placed in service be reasonably expected to save,
33 produce, or generate energy at a total incremental system cost per unit
34 of energy delivered to end use which is less than or equal to the
35 incremental system cost per unit of energy delivered to end use from
36 similarly available conventional energy resources which utilize nuclear

1 energy or fossil fuels and which the gas or electric utility could
2 acquire to meet energy demand in the same time period.

3 (5) The department of revenue, after consultation with the
4 utilities and transportation commission in the case of investor-owned
5 utilities and the governing bodies of locally regulated utilities,
6 shall determine the eligibility of individual projects and measures for
7 deductions under this section.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.31 RCW
9 to read as follows:

10 (1) The department of community, trade, and economic development
11 shall contract with the William D. Ruckelshaus policy consensus center
12 to organize and facilitate a stakeholder review of issues relating to
13 the siting and operation of tidal and wave energy projects. Included
14 within the review should be each state agency with regulatory or
15 proprietary jurisdiction over the projects or sites on which projects
16 are located, federal agencies with such jurisdiction, tribes, project
17 sponsors, utilities purchasing power from or sponsoring such projects,
18 nongovernmental organizations concerned with environmental quality and
19 ocean resources, citizens, and local governments.

20 (2) The center shall organize the review to address at a minimum
21 the following:

22 (a) Applicable state and federal regulatory and aquatic land
23 proprietary management requirements, and ways to improve coordination
24 and the timeline of reviews and approvals;

25 (b) Whether a programmatic environmental analysis of tidal and wave
26 energy technologies is needed to develop a foundation for state review
27 of proposed projects; and

28 (c) Current state policies regarding such projects and the need, if
29 any, for a comprehensive state policy.

30 (3) The center with oversight by the department, shall provide a
31 report from the stakeholders and agencies, together with any
32 recommendations for administrative or legislative changes, to the
33 governor and appropriate committees of the senate and house of
34 representatives by December 31, 2007.

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