
SUBSTITUTE HOUSE BILL 1911

State of Washington

61st Legislature

2009 Regular Session

By House Technology, Energy & Communications (originally sponsored by Representatives Probst, Morris, Ericks, Jacks, Kelley, Conway, and Orcutt)

READ FIRST TIME 02/13/09.

1 AN ACT Relating to modifying the business and occupation tax on
2 wholesalers of solar energy systems and sales and use tax treatment of
3 semiconductor materials; and amending RCW 82.04.294, 82.08.9651, and
4 82.12.9651.

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

6 **Sec. 1.** RCW 82.04.294 and 2007 c 54 s 8 are each amended to read
7 as follows:

8 (1)(a) Beginning October 1, 2005, upon every person engaging within
9 this state in the business of manufacturing solar energy systems using
10 photovoltaic modules, or of manufacturing solar grade silicon to be
11 used exclusively in components of such systems; as to such persons the
12 amount of tax with respect to such business shall, in the case of
13 manufacturers, be equal to the value of the product manufactured, or in
14 the case of processors for hire, be equal to the gross income of the
15 business, multiplied by the rate of 0.2904 percent.

16 (b) Beginning October 1, 2009, upon every person engaging within
17 this state in the business of manufacturing solar energy systems using
18 photovoltaic modules, or of manufacturing solar grade silicon, silicon
19 solar wafers, silicon solar cells, thin film solar devices, or compound

1 semiconductor solar wafers to be used exclusively in components of such
2 systems; as to such persons the amount of tax with respect to such
3 business is, in the case of manufacturers, equal to the value of the
4 product manufactured, or in the case of processors for hire, equal to
5 the gross income of the business, multiplied by the rate of 0.275
6 percent.

7 (2)(a) Beginning October 1, 2005, upon every person engaging within
8 this state in the business of making sales at wholesale of solar energy
9 systems using photovoltaic modules, or of solar grade silicon to be
10 used exclusively in components of such systems, manufactured by that
11 person; as to such persons the amount of tax with respect to such
12 business shall be equal to the gross proceeds of sales of the solar
13 energy systems using photovoltaic modules, or of the solar grade
14 silicon to be used exclusively in components of such systems,
15 multiplied by the rate of 0.2904 percent.

16 (b) Beginning October 1, 2009, upon every person engaging within
17 this state in the business of making sales at wholesale of solar energy
18 systems using photovoltaic modules, or of solar grade silicon, silicon
19 solar wafers, silicon solar cells, thin film solar devices, or compound
20 semiconductor solar wafers to be used exclusively in components of such
21 systems, manufactured by that person; as to such persons the amount of
22 tax with respect to such business is equal to the gross proceeds of
23 sales of the solar energy systems using photovoltaic modules, or of the
24 solar grade silicon to be used exclusively in components of such
25 systems, multiplied by the rate of 0.275 percent.

26 (3) Beginning October 1, 2009, silicon solar wafers, silicon solar
27 cells, thin film solar devices, or compound semiconductor solar wafers
28 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
29 82.12.9651.

30 (4) The definitions in this subsection apply throughout this
31 section.

32 (a) "Compound semiconductor solar wafers" means a semiconductor
33 solar wafer composed of elements from two or more different groups of
34 the periodic table.

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

1 ~~((b))~~ (c) "Photovoltaic cell" means a device that converts light
2 directly into electricity without moving parts.

3 ~~((e))~~ (d) "Silicon solar cells" means a photovoltaic cell
4 manufactured from a silicon solar wafer.

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

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

10 ~~((d))~~ (g) "Solar grade silicon" means high-purity silicon used
11 exclusively in components of solar energy systems using photovoltaic
12 modules to capture direct sunlight. "Solar grade silicon" does not
13 include silicon used in semiconductors.

14 ~~((4))~~ (h) "Thin film solar devices" means a nonparticipating
15 substrate on which various semiconducting materials are deposited to
16 produce a photovoltaic cell that is used to generate electricity.

17 (5) This section expires June 30, 2014.

18 **Sec. 2.** RCW 82.08.9651 and 2006 c 84 s 3 are each amended to read
19 as follows:

20 (1) The tax levied by RCW 82.08.020 shall not apply to sales of
21 gases and chemicals used by a manufacturer or processor for hire in the
22 production of semiconductor materials. This exemption is limited to
23 gases and chemicals used in the production process to grow the product,
24 deposit or grow permanent or sacrificial layers on the product, to etch
25 or remove material from the product, to anneal the product, to immerse
26 the product, to clean the product, and other such uses whereby the
27 gases and chemicals come into direct contact with the product during
28 the production process, or uses of gases and chemicals to clean the
29 chambers and other like equipment in which such processing takes place.
30 For the purposes of this section, "semiconductor materials" has the
31 meaning provided in RCW 82.04.2404 and 82.04.294(3).

32 (2) A person taking the exemption under this section must report
33 under RCW 82.32.5351. No application is necessary for the tax
34 exemption. The person is subject to all of the requirements of chapter
35 82.32 RCW.

36 (3) This section expires twelve years after December 1, 2006.

1 **Sec. 3.** RCW 82.12.9651 and 2006 c 84 s 4 are each amended to read
2 as follows:

3 (1) The provisions of this chapter do not apply with respect to the
4 use of gases and chemicals used by a manufacturer or processor for hire
5 in the production of semiconductor materials. This exemption is
6 limited to gases and chemicals used in the production process to grow
7 the product, deposit or grow permanent or sacrificial layers on the
8 product, to etch or remove material from the product, to anneal the
9 product, to immerse the product, to clean the product, and other such
10 uses whereby the gases and chemicals come into direct contact with the
11 product during the production process, or uses of gases and chemicals
12 to clean the chambers and other like equipment in which such processing
13 takes place. For purposes of this section, "semiconductor materials"
14 has the meaning provided in RCW 82.04.2404 and 82.04.294(3).

15 (2) A person taking the exemption under this section must report
16 under RCW 82.32.5351. No application is necessary for the tax
17 exemption. The person is subject to all of the requirements of chapter
18 82.32 RCW.

19 (3) This section expires twelve years after December 1, 2006.

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