
SECOND SUBSTITUTE HOUSE BILL 2130

State of Washington

61st Legislature

2009 Regular Session

By House Finance (originally sponsored by Representatives Probst, Jacks, Morris, Morrell, Kenney, Conway, and Ormsby)

READ FIRST TIME 03/03/09.

1 AN ACT Relating to tax incentives for renewable energy
2 manufacturing facilities; amending RCW 82.32.5351; adding a new section
3 to chapter 82.04 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 the welfare of
6 the people of the state of Washington is positively impacted through
7 the encouragement and expansion of key growth industries in the state.
8 The legislature further finds that targeting tax incentives to focus on
9 key growth industries is an important strategy to enhance the state's
10 business climate. A key area of growth is those industries associated
11 with the green economy and in specific renewable energy manufacturing.
12 The state has the necessary infrastructure, supporting industries, and
13 skilled labor force to support renewable energy manufacturing. It is
14 of great concern that businesses in this sector have been increasingly
15 expanding and locating their operations elsewhere. Additional
16 incentives for the renewable energy industry are needed in recognition
17 of the unique forces and issues involved in business decisions in this
18 industry. Tax incentives for the sector are important in both
19 retention and expansion of existing business and attraction of new

1 businesses, all of which will strengthen this growth industry within
2 our state, will create jobs, and will bring many indirect benefits to
3 the state. This incentive is intended to create new facilities and
4 expand existing facilities which will create new jobs in Washington
5 state.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) In computing the tax imposed under this chapter, a fifty
9 percent credit is allowed for each dollar of capital invested in
10 renewable energy manufacturing expenditures, up to a maximum of fifteen
11 million dollars of credit per person per year.

12 (2) The total amount of credits allowed under this section in any
13 year for a project may not exceed twenty percent of the total amount of
14 credit earned. A maximum of thirty million dollars of credits may be
15 claimed statewide per year. Credits are allowed in accordance with
16 rules adopted by the department. The department must disallow any
17 credits, or portion thereof, that would cause the total amount of
18 credits claimed statewide under this section to exceed thirty million
19 dollars per year. A person may claim a credit under this section only
20 for renewable energy manufacturing expenditures occurring on or after
21 the effective date of this act. The person claiming a credit must be
22 the owner of the renewable energy manufacturing facility or must have
23 purchased the credit under subsection (4) of this section from the
24 person who is the owner of the facility.

25 (3) No refunds may be granted for credits under this section. No
26 credit may be claimed before July 1, 2010.

27 (4) A person may sell or otherwise transfer the economic value of
28 any credit provided in this section for a renewable energy
29 manufacturing expenditure at a rate equal to seventy percent of the
30 total amount of credit being sold or transferred. The buyer may apply
31 the full value of the credits being purchased to satisfy the tax
32 otherwise due under this chapter for the tax reporting period. The
33 buyer may not seek a refund for any credits purchased in excess of
34 their tax liability due under this chapter.

35 (5) The department of revenue, in coordination with the department
36 of community, trade, and economic development, must adopt rules to

1 implement this section, including rules that provide a formulary method
2 of determining allowable credits and specify how credits may be sold,
3 transferred, and tracked.

4 (6) The definitions in this subsection apply throughout this
5 section:

6 (a) "Renewable energy manufacturing expenditures" means
7 expenditures for:

8 (i) Land that includes a renewable energy manufacturing facility;

9 (ii) Machinery and equipment used in or integral to a renewable
10 energy manufacturing facility; and

11 (iii) Tangible personal property and labor and services used in the
12 construction, expansion, or reconstruction of a renewable energy
13 manufacturing facility.

14 (b) "Renewable energy manufacturing facility" means a facility
15 predominantly used for manufacturing raw materials, components, or
16 equipment for solar, wind, bioenergy, or geothermal energy systems.

17 (7) A person taking the credit under this section must report as
18 required under RCW 82.32.535.

19 (8) Credits may be carried forward until used; however, no credit
20 may be earned under this section on or after July 1, 2014.

21 **Sec. 3.** RCW 82.32.5351 and 2006 c 84 s 5 are each amended to read
22 as follows:

23 (1) The legislature finds that accountability and effectiveness are
24 important aspects of setting tax policy. In order to make policy
25 choices regarding the best use of limited state resources the
26 legislature needs information on how a tax incentive is used.

27 (2)(a) A person who reports taxes under RCW 82.04.2404 or who
28 claims an exemption or credit under RCW 82.08.9651, section 2 of this
29 act, and 82.12.9651 shall make a complete annual report to the
30 department detailing employment, wages, and employer-provided health
31 and retirement benefits per job at the manufacturing site. The report
32 shall not include names of employees. The report shall also detail
33 employment by the total number of full-time, part-time, and temporary
34 positions. The first report filed under this subsection shall include
35 employment, wage, and benefit information for the twelve-month period
36 immediately before first use of a preferential tax rate under RCW
37 82.04.2404, or tax exemption or credit under RCW 82.08.9651, section 2

1 of this act, and 82.12.9651. The report is due by April 30th following
2 any year in which a preferential tax rate under RCW 82.04.2404 is used,
3 or tax exemption or credit under RCW 82.08.9651, section 2 of this act,
4 and 82.12.9651 is taken. The department may extend the due date for
5 timely filing annual reports under this section as provided in RCW
6 82.32.590. This information is not subject to the confidentiality
7 provisions of RCW 82.32.330 and may be disclosed to the public upon
8 request.

9 (b) If a person fails to submit a complete annual report under (a)
10 of this subsection by the due date of the report or any extension under
11 RCW 82.32.590, the department shall declare the amount of taxes
12 exempted or credited, or reduced in the case of the preferential
13 business and occupation tax rate, for that year to be immediately due
14 and payable. Excise taxes payable under this subsection are subject to
15 interest but not penalties, as provided under this chapter. This
16 information is not subject to the confidentiality provisions of RCW
17 82.32.330 and may be disclosed to the public upon request.

18 (3) By November 1st of the year occurring five years after December
19 1, 2006, and November 1st of the year occurring eleven years after
20 December 1, 2006, the fiscal committees of the house of representatives
21 and the senate, in consultation with the department, shall report to
22 the legislature on the effectiveness of chapter 84, Laws of 2006 in
23 regard to keeping Washington competitive. The report shall measure the
24 effect of chapter 84, Laws of 2006 on job retention, net jobs created
25 for Washington residents, company growth, diversification of the
26 state's economy, cluster dynamics, and other factors as the committees
27 select. The reports shall include a discussion of principles to apply
28 in evaluating whether the legislature should reenact any or all of the
29 tax preferences in chapter 84, Laws of 2006.

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