

---

HOUSE BILL 2130

---

State of Washington

61st Legislature

2009 Regular Session

By Representatives Probst, Jacks, Morris, Morrell, Kenney, Conway, and Ormsby

Read first time 02/10/09. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to tax incentives for renewable energy  
2 manufacturing facilities; amending RCW 82.32.535; amending 2006 c 300  
3 s 12 (uncodified); reenacting and amending RCW 82.32.600; adding a new  
4 section to chapter 82.04 RCW; and creating a new section.

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

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

1 retention and expansion of existing business and attraction of new  
2 businesses, all of which will strengthen this growth industry within  
3 our state, will create jobs, and will bring many indirect benefits to  
4 the state.

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

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

11 (2) The total amount of credits taken under this section in any  
12 year for a project may not exceed four million dollars. A maximum of  
13 forty million dollars of credits may be issued per year.

14 (3) A person may sell or otherwise transfer the economic value of  
15 any credit provided in this section for a renewable energy  
16 manufacturing expenditure at a rate equal to seventy percent of the  
17 total amount of credit being sold or transferred. The buyer may apply  
18 the full value of the credits being purchased to satisfy the tax  
19 otherwise due under this chapter for the tax reporting period.

20 (4) The definitions in this subsection apply throughout this  
21 section:

22 (a) "Renewable energy manufacturing expenditures" means  
23 expenditures for:

- 24 (i) Land that includes a renewable energy manufacturing facility;
- 25 (ii) Machinery and equipment used in or integral to a renewable  
26 energy manufacturing facility; and
- 27 (iii) Tangible personal property and labor and services used in the  
28 construction, expansion, or reconstruction of a renewable energy  
29 manufacturing facility.

30 (b) "Renewable energy manufacturing facility" means a facility  
31 predominantly used for manufacturing solar, wind, geothermal, or  
32 bioenergy equipment.

33 (5) A person taking the credit under this section must report as  
34 required under RCW 82.32.535.

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

1       **Sec. 3.** RCW 82.32.535 and 2003 c 149 s 11 are each amended to read  
2 as follows:

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

7       (2)(a) A person who reports taxes under RCW 82.04.240(2) or who  
8 claims an exemption or credit under RCW 82.04.426, 82.08.965,  
9 82.12.965, 82.08.970, 82.12.970, section 2 of this act, 82.04.448, or  
10 84.36.645, shall make an annual report to the department detailing  
11 employment, wages, and employer-provided health and retirement benefits  
12 per job at the manufacturing site. The report shall not include names  
13 of employees. The report shall also detail employment by the total  
14 number of full-time, part-time, and temporary positions. The first  
15 report filed under this subsection shall include employment, wage, and  
16 benefit information for the twelve-month period immediately before  
17 first use of a preferential tax rate under RCW 82.04.240(2), or tax  
18 exemption or credit under RCW 82.04.426, 82.08.965, 82.12.965,  
19 82.08.970, 82.12.970, section 2 of this act, 82.04.448, or 84.36.645.  
20 The report is due by March 31st following any year in which a  
21 preferential tax rate under RCW 82.04.240(2) is used, or tax exemption  
22 or credit under RCW 82.04.426, 82.08.965, 82.12.965, 82.08.970,  
23 82.12.970, section 2 of this act, 82.04.448, or 84.36.645 is taken.  
24 This information is not subject to the confidentiality provisions of  
25 RCW 82.32.330 and may be disclosed to the public upon request.

26       (b) If a person fails to submit an annual report under (a) of this  
27 subsection the department shall declare the amount of taxes exempted or  
28 credited for that year to be immediately due and payable. Excise taxes  
29 payable under this subsection are subject to interest, as provided  
30 under this chapter. This information is not subject to the  
31 confidentiality provisions of RCW 82.32.330 and may be disclosed to the  
32 public upon request.

33       (3) By November 1st of the year occurring five years after the  
34 effective date of this act, and November 1st of the year occurring  
35 eleven years after the effective date of this act, the fiscal  
36 committees of the house of representatives and the senate, in  
37 consultation with the department, shall report to the legislature on  
38 the effectiveness of chapter 149, Laws of 2003 in regard to keeping

1 Washington competitive. The report shall measure the effect of chapter  
2 149, Laws of 2003 on job retention, net jobs created for Washington  
3 residents, company growth, diversification of the state's economy,  
4 cluster dynamics, and other factors as the committees select. The  
5 reports shall include a discussion of principles to apply in evaluating  
6 whether the legislature should reenact any or all of the tax  
7 preferences in chapter 149, Laws of 2003.

8 **Sec. 4.** RCW 82.32.600 and 2008 c 81 s 14 and 2008 c 15 s 8 are  
9 each reenacted and amended to read as follows:

10 (1) Persons required to file annual surveys or annual reports under  
11 RCW 82.04.4452, 82.32.535, 82.32.5351, 82.32.545, 82.32.610, 82.32.630,  
12 82.82.020, or 82.74.040 must electronically file with the department  
13 all surveys, reports, returns, and any other forms or information the  
14 department requires in an electronic format as provided or approved by  
15 the department. As used in this section, "returns" has the same  
16 meaning as "return" in RCW 82.32.050.

17 (2) Any survey, report, return, or any other form or information  
18 required to be filed in an electronic format under subsection (1) of  
19 this section is not filed until received by the department in an  
20 electronic format.

21 (3) The department may waive the electronic filing requirement in  
22 subsection (1) of this section for good cause shown.

23 **Sec. 5.** 2006 c 300 s 12 (uncodified) is amended to read as  
24 follows:

25 (1)(a) (~~(This act and)~~) Section 3, chapter . . . , Laws of 2009  
26 (section 3 of this act), section 7, chapter 300, Laws of 2006, and  
27 section 4, chapter 149, Laws of 2003 are contingent upon the siting and  
28 commercial operation of a significant semiconductor microchip  
29 fabrication facility in the state of Washington.

30 (b) For the purposes of this section:

31 (i) "Commercial operation" means the same as "commencement of  
32 commercial production" as used in RCW 82.08.965.

33 (ii) "Semiconductor microchip fabrication" means "manufacturing  
34 semiconductor microchips" as defined in RCW 82.04.426.

35 (iii) "Significant" means the combined investment of new buildings

1 and new machinery and equipment in the buildings, at the commencement  
2 of commercial production, will be at least one billion dollars.

3 (2) (~~This act~~) Chapter 149, Laws of 2003 takes effect the first  
4 day of the month in which a contract for the construction of a  
5 significant semiconductor fabrication facility is signed, as determined  
6 by the director of the department of revenue.

7 (3)(a) The department of revenue (~~shall~~) must provide notice of  
8 the effective date of this act to affected taxpayers, the legislature,  
9 and others as deemed appropriate by the department.

10 (b) If, after making a determination that a contract has been  
11 signed and (~~this act~~) chapter 149, Laws of 2003 is effective, the  
12 department discovers that commencement of commercial production did not  
13 take place within three years of the date the contract was signed, the  
14 department (~~shall~~) must make a determination that (~~this act~~)  
15 chapter 149, Laws of 2003 is no longer effective, and all taxes that  
16 would have been otherwise due (~~shall be~~) are deemed deferred taxes  
17 and are immediately assessed and payable from any person reporting tax  
18 under RCW 82.04.240(2) or claiming an exemption or credit under section  
19 2 or 5 through 10 (~~of this act~~), chapter 149, Laws of 2003. The  
20 department is not authorized to make a second determination regarding  
21 the effective date of (~~this act~~) chapter 149, Laws of 2003.

--- END ---