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**SENATE BILL 5114**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senator Brown

AN ACT Relating to providing incentives for production of modular reactors; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new section; and providing an effective date.

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

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

(2) The legislature categorizes this tax preference as one intended to create or retain jobs, as indicated in RCW 82.32.808(2)(c).

(3) It is the legislature's specific public policy objective to retain or increase the number of jobs in the modular reactor industry in Washington. It is the legislature's intent to exempt from the tax levied by RCW 82.08.020 the production of modular reactors including construction materials, machinery, and equipment, or tangible personal property that becomes an ingredient or component of modular reactors, thereby increasing the ability of these firms to invest in and expand their Washington operations, thereby increasing the number of jobs in the modular reactor industry in Washington.

(4) If a review finds that the number of jobs in the modular reactor industry in Washington has increased by ten percent compared to the number of those jobs at the time of enactment, then the legislature intends to extend the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to:

(a) The annual survey that a taxpayer reporting under the tax rate provided in section 2 of this act must file with the department of revenue per RCW 82.32.585; and

(b) Employment data available from the employment security department.

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) Subject to the provisions of this section, the tax levied by RCW 82.08.020 does not apply to production of modular reactors including sales of modular reactor construction materials, machinery, and equipment, or to sales of tangible personal property that becomes an ingredient or component of modular reactors.

(2) The definitions in this section apply throughout this section unless the context clearly requires otherwise.

(a) "Modular reactor construction materials, machinery, and equipment" means all construction materials and equipment necessary to produce a modular reactor, including but not limited to concrete, steel, piping, valves, electrical equipment, wire, cable, conduit, mechanical equipment, pumps, turbines, transformers, and safety systems.

(b) "Modular reactor" means a scalable nuclear power plant using reactors that each have a gross power output no greater than fifty megawatts electric where each reactor is:

(i) Designed for factory manufacturing and ease of transport, such as by truck, rail, or barge; and

(ii) Installed in its own isolated bay in a reactor building that may contain no more than twelve reactors.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply to the production of modular reactors or to the use of tangible personal property that becomes an ingredient or component of a modular reactor.

(2) The definitions in section 2 of this act apply to this section.

NEW SECTION. **Sec.**  This act takes effect August 1, 2015.

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