**2995-S AMH TARL H5122.1 - NOT FOR FLOOR USE**

**SHB 2995** - H AMD **1349**

By Representative Tarleton

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that Washington is the nation's leading producer of electricity from hydroelectric sources. The legislature finds that the residents, businesses, and industries of the state have benefited from the relatively low operating costs and reliability of this abundant, renewable energy resource. This legacy of clean hydroelectricity is the foundation upon which the state has built a diverse, vibrant clean technology sector that includes research and development in breakthrough technologies, as well as investment in other renewable energy resources. The legislature finds that Washington should continue its leadership in conservation, renewable energy, and climate change mitigation by: Increasing energy efficiency across the state; encouraging investment in the state's clean, nonpolluting, sustainable, and renewable energy future; and achieving reductions in the use of fossil fuels in the generation of electricity.

(2) By building on the state's foundation of renewable hydroelectric generation with additional conservation and renewable energy resources, the legislature declares that Washington can: Promote energy independence; create high-quality jobs in the clean technology sector; maintain stable and affordable electric rates for all customers; and protect clean air and water in the Pacific Northwest.

NEW SECTION. **Sec.**  The definitions in this section apply throughout sections 3 through 6 of this act unless the context clearly requires otherwise.

(1) "Attorney general" has the same meaning as provided in RCW 19.285.030.

(2) "Auditor" has the same meaning as provided in RCW 19.285.030.

(3) "Coal-fired resource" means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

(4) "Commission" means the Washington state utilities and transportation commission.

(5) "Conservation" has the same meaning as provided in RCW 19.285.030.

(6) "Consumer-owned utility" has the same meaning as provided in RCW 19.29A.010.

(7) "Customer" has the same meaning as provided in RCW 19.285.030.

(8) "Department" means the department of commerce or its successor.

(9) "Electric utility" has the same meaning as provided in RCW 19.29A.010.

(10) "Emission" has the same meaning as provided in RCW 70.94.030.

(11) "Fossil fuel" means petroleum products that are intended for combustion, including natural gas, crude oil, petroleum, coal, or coke of any kind, or any form of solid, liquid, or gaseous fuel derived from these products including but not limited to motor vehicle fuel, special fuel, aircraft fuel, marine fuel, still gas, propane, and petroleum residuals such as bunker fuel.

(12) "Fossil fuel generating resource" is an electric generating unit that generates electricity from the combustion or oxidation of fossil fuels.

(13) "Investor-owned utility" has the same meaning as provided in RCW 19.29A.010.

(14) "Low-income" means household income as defined by the department or commission, provided that the definition may not exceed eighty percent of area median household income, or two hundred percent of the federal poverty level, whichever is greater, adjusted for household size.

(15) "Market customer" means a nonresidential customer of an electric utility that: (a) Purchases electricity from an entity or entities other than the electric utility with which it is directly interconnected; or (b) generates electricity to meet its own needs.

(16) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form, including methane clathrate.

(17) "Petroleum product" has the same meaning as provided in RCW 82.23A.010.

(18) "Renewable resource" has the same meaning as provided in RCW 19.285.030.

(19) "Rule" means rules adopted by an agency or other entity of Washington state government to carry out the intent and purposes of this chapter.

NEW SECTION. **Sec.**  (1)(a) On or before January 1, 2030, all electric utilities must eliminate from electric rates all costs associated with delivering electricity to Washington customers that is generated from a coal-fired resource. This does not include costs associated with decommissioning and remediation of these facilities.

(b) The commission may accelerate depreciation schedules for any coal-fired resource owned by investor-owned utilities to a date no later than January 1, 2030.

(2) The commission may not extend the depreciation schedule for any fossil fuel generating resource.

(3) Electric utilities and market customers must demonstrate that they have reduced the total number of megawatt hours from fossil fuel generating resources delivered to Washington customers compared to a 2017 baseline approved by the commission, for investor-owned utilities and market customers of investor-owned utilities, and the department, for consumer-owned utilities and market customers of consumer-owned utilities, used to serve the utility's load by the following annual targets:

(a) At least a twenty-five percent reduction from 2017 levels by January 1, 2030, and each year thereafter through December 31, 2034;

(b) At least a fifty percent reduction from 2017 levels by January 1, 2035, and each year thereafter through December 31, 2039;

(c) At least a seventy-five percent reduction from 2017 levels by January 1, 2040, and each year thereafter through December 31, 2044; and

(d) One hundred percent reduction by January 1, 2045, and each year thereafter. The commission, in the case of an investor-owned utility, or the department, in the case of a consumer-owned utility, may extend this deadline to a date no later than January 1, 2050, if doing so is found to be beneficial for ensuring reliability or reducing long-term costs to ratepayers.

(4) In order to achieve the targets under subsection (3) of this section, electric utilities and market customers must demonstrate that they have achieved all feasible energy efficiency and conservation measures or investments, reductions in demand, and demand management prior to making new investments to meet projected demand; and, to the maximum extent feasible, must:

(a) Achieve the targets under subsection (3) of this section at the lowest reasonable cost; and

(b) In the construction of new resources:

(i) Maximize the creation of family wage jobs, insofar as doing so is consistent with (a) of this subsection; and

(ii) Rely on renewable resources and storage.

(5) Any resource for which the environmental attribute or attributes have been sold, transferred, or used for other purposes, except for an electric utility's own compliance with the annual renewable energy targets under RCW 19.285.040, is considered a fossil fuel generating resource for the purposes of this act.

(6) Hydroelectric generation may not include new diversions, new impoundments, new bypass reaches, or expansion of existing reservoirs constructed after the effective date of this section unless the diversions, bypass reaches, or reservoir expansions are necessary for the operation of a pumped storage facility that: (a) Does not conflict with existing state or federal fish recovery plans; and (b) complies with all local, state, and federal laws and regulations.

NEW SECTION. **Sec.**  (1)(a) For an investor-owned utility, the commission must determine compliance with the provisions of this act and enforce rules established under section 6 of this act.

(b) For a consumer-owned utility, the department must determine, and the attorney general must enforce, compliance with the provisions of this act consistent with the rules established under section 6 of this act.

(c) For a market customer, the auditor must determine, and the attorney general must enforce, compliance with the provisions of this act, except that the commission must determine compliance with section 3 of this act for a market customer of an investor-owned utility.

(2)(a) By June 1, 2025, and annually thereafter, each electric utility and market customer must report to the department on progress towards the reduction in the total number of megawatt hours and emissions from fossil fuel generating resources under section 3 of this act. This report must identify whether each electric utility is exceeding its reduction targets, meeting its reduction targets, or falling short of its reduction targets.

(b) Each investor-owned utility must also report all information required in (a) of this subsection to the commission.

(c) All electric utilities must also make reports required in this section available to its customers and each market customer must make all information required in this subsection available to the attorney general.

NEW SECTION. **Sec.**  (1)(a) The legislature finds and declares all of the following:

(i) There is insufficient information available to fully realize the potential of solar photovoltaic energy generation to serve low-income customers, including those in disadvantaged communities.

(ii) There is insufficient understanding of the barriers to access for low-income customers to all forms of renewable energy being generated in the state.

(iii) There is insufficient understanding of the barriers to access for low-income customers to energy efficiency investments.

(iv) There is insufficient understanding of the barriers to access for low-income customers to zero emission and near-zero emission transportation options.

(b) By January 1, 2019, the department, with input from relevant state agencies and the public, must develop and publish a study on:

(i) Barriers for low-income customers, including those in disadvantaged communities, to energy efficiency and weatherization investments, as well as recommendations on how to increase access to energy efficiency and weatherization investments to low-income customers; and

(ii) Barriers for low-income customers, including those in disadvantaged communities, to zero emission and near-zero emission transportation options, as well as recommendations on how to increase access to zero emission and near-zero emission transportation options to low-income customers, including those in disadvantaged communities.

(2) By January 1, 2025, the department, with input from relevant state agencies and the public, must develop and publish a study on:

(a) The impact of this act on utility rates as it affects individuals of varying income levels, ethnic backgrounds, and racial backgrounds; and

(b) Projected and current worker hours in construction, manufacturing, operations, and maintenance created as a result of compliance with the requirements of this act. The study must also include estimates of direct, indirect, and induced job creation. The study must be repeated every five years.

(3) Three years prior to each fossil fuel reduction target specified in section 3 of this act, the commission and the department must:

(a) Jointly evaluate whether the requirements established in section 3 of this act are expected to be met by each electric utility; and

(b) If the requirements are not expected to be met by each electric utility:

(i) Identify whether technology obstacles exist that prevent compliance; and

(ii) Provide policy recommendations to aid in compliance.

(4) The definitions in RCW 19.285.030 apply throughout this section.

(5) This section expires July 1, 2051.

NEW SECTION. **Sec.**  The commission, in the case of investor-owned utilities, and the department, in the case of consumer-owned utilities, must adopt rules by 2025 to implement sections 3 and 4 of this act. In adopting the rules, the commission and the department must include, but not be limited to, provisions sufficient to achieve successful implementation of this act, penalties that ensure compliance with this act, temporary flexibility mechanisms to ensure reliable electric service, and appropriate mechanisms for monitoring fossil fuel use.

**Sec.**  RCW 82.08.962 and 2017 3rd sp.s. c 36 s 14 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.08.963, purchasers who have paid the tax imposed by RCW 82.08.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, freshwater as specified under RCW 19.285.030(12)(c), or landfill gas as the principal source of power, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the tax levied by RCW 82.08.020 does not apply to the sale of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ((~~January 1, 2020~~)) December 31, 2019, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The purchaser is eligible for an exemption under this subsection (1)(c) in the form of a remittance. Machinery and equipment used directly in generating electricity from freshwater as specified under RCW 19.285.030(12)(c), and labor and services rendered in respect to installing such machinery and equipment, is not eligible under this subsection (1)(c).

(d)(i) Beginning January 1, 2020, through December 31, 2029, a purchaser who has paid the tax imposed by RCW 82.08.020 is eligible for the exemption under this subsection (1) in the form of a remittance. The total amount of remittances that a purchaser may receive under this subsection (1)(d) and under RCW 82.12.962(1)(d) is limited to the lesser of the full amount of the state sales or use tax paid or one hundred twenty-five thousand dollars per fiscal year. The remittance under this subsection (1)(d) is for the state portion of the sales tax only and applies only to purchases of machinery and equipment eligible for an exemption under this section, and labor and services rendered in respect to installing such machinery and equipment, occurring on or after January 1, 2020.

(ii) A purchaser claiming an exemption from tax in the form of a remittance under this subsection (1)(d) must pay the tax imposed by RCW 82.08.020 on such purchases eligible for the remittance. The purchaser may then apply to the department for remittance of all or part of the tax paid under RCW 82.08.020 on such purchases, subject to the limits in (d)(i) and (iii) of this subsection. A purchaser may not apply for a remittance under this subsection (1)(d) more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment. The department must determine eligibility under this subsection (1)(d) based on the information provided by the purchaser, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(iii)(A) The remittance under this subsection (1)(d) is only available on a first-in-time basis. The department must keep a running total of all approved remittances under this section and RCW 82.12.962(1)(d) during each fiscal year. The department may not allow any remittance that would cause the total amount of remittances allowed under this section and RCW 82.12.962(1)(d) to exceed five million dollars in any fiscal year.

(B) The department must provide notification on its web site monthly of the amount remaining before the statewide annual limit in this subsection (1)(d) is reached.

(2) For purposes of this section and RCW 82.12.962, the following definitions apply:

(a) "Biomass energy" includes: (i) By-products of pulping and wood manufacturing process; (ii) animal waste; (iii) solid organic fuels from wood; (iv) forest or field residues; (v) wooden demolition or construction debris; (vi) food waste; (vii) liquors derived from algae and other sources; (viii) dedicated energy crops; (ix) biosolids; and (x) yard waste. "Biomass energy" does not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old growth forests; or municipal solid waste.

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

(c) "Landfill gas" means biomass fuel, of the type qualified for federal tax credits under Title 26 U.S.C. Sec. 29 of the federal internal revenue code, collected from a "landfill" as defined under RCW 70.95.030.

(d)(i) "Machinery and equipment" means fixtures, devices, and support facilities that are integral and necessary to the generation of electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, freshwater as specified under RCW 19.285.030(12)(c), or landfill gas as the principal source of power.

(ii) "Machinery and equipment" does not include: (A) Hand-powered tools; (B) property with a useful life of less than one year; (C) repair parts required to restore machinery and equipment to normal working order; (D) replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment; (E) buildings; or (F) building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building.

(3)(a) Machinery and equipment is "used directly" in generating electricity by wind energy, solar energy, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, freshwater as specified under RCW 19.285.030(12)(c), or landfill gas power if it provides any part of the process that captures the energy of the wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, freshwater as specified under RCW 19.285.030(12)(c), or landfill gas, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(b) Machinery and equipment is "used directly" in generating electricity by fuel cells if it provides any part of the process that captures the energy of the fuel, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(4)(a) A purchaser claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.08.020 and all applicable local sales taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The purchaser may then apply to the department for remittance in a form and manner prescribed by the department. A purchaser may not apply for a remittance under this section more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the purchaser, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(5) The exemption provided by subsection (1)(c) of this section expires September 30, 2017, as it applies to: (a) Machinery and equipment that is used directly in the generation of electricity using solar energy and capable of generating no more than five hundred kilowatts of electricity; or (b) sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(6) This section expires January 1, ((~~2020~~)) 2030.

(7) This section is exempt from the provisions of RCW 82.32.808.

**Sec.**  RCW 82.12.962 and 2017 3rd sp.s. c 36 s 16 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.12.963, consumers who have paid the tax imposed by RCW 82.12.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, freshwater as specified under RCW 19.285.030(12)(c), or landfill gas as the principal source of power, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the provisions of this chapter do not apply in respect to the use of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ((~~January 1, 2020~~)) December 31, 2019, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The consumer is eligible for an exemption under this subsection (1)(c) in the form of a remittance. Machinery and equipment used directly in generating electricity from freshwater as specified under RCW 19.285.030(12)(c), and labor and services rendered in respect to installing such machinery and equipment, is not eligible under this subsection (1)(c).

(d) Beginning January 1, 2020, through December 31, 2029, a consumer who has paid the tax imposed by RCW 82.12.020 is eligible for the exemption under this subsection (1) in the form of a remittance. All of the eligibility requirements, conditions, and limitation in RCW 82.08.962(1)(d) apply to this subsection (1)(d).

(2)(a) A person claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.12.020 and all applicable local use taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The consumer may then apply to the department for remittance in a form and manner prescribed by the department. A consumer may not apply for a remittance under this section more frequently than once per quarter. The consumer must specify the amount of exempted tax claimed and the qualifying purchases or acquisitions for which the exemption is claimed. The consumer must retain, in adequate detail, records to enable the department to determine whether the consumer is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the consumer, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying consumers who submitted applications during the previous quarter.

(3) Purchases exempt under RCW 82.08.962 are also exempt from the tax imposed under RCW 82.12.020.

(4) The definitions in RCW 82.08.962 apply to this section.

(5) The exemption provided in subsection (1) of this section does not apply:

(a) To machinery and equipment used directly in the generation of electricity using solar energy and capable of generating no more than five hundred kilowatts of electricity, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, when first use within this state of such machinery and equipment, or labor and services, occurs after September 30, 2017; and

(b) To any other machinery and equipment described in subsection (1)(a) of this section, or to sales of or charges made for labor and services rendered in respect to installing such machinery or equipment, when first use within this state of such machinery and equipment, or labor and services, occurs after December 31, ((~~2019~~)) 2029.

(6) This section expires January 1, ((~~2020~~)) 2030.

(7) This section is exempt from the provisions of RCW 82.32.808.

NEW SECTION. **Sec.**  A new section is added to chapter 82.16 RCW to read as follows:

The definitions in this section apply throughout this section and section 10 of this act, unless the context clearly requires otherwise.

(1) "Clean energy investment" means an investment in support of eligible projects that reduce, prevent, or remove from the atmosphere the emissions of greenhouse gases in the state. An eligible project includes, but is not limited to, investment in the following: (a) Installation of electric vehicle chargers and related infrastructure and other transportation electrification measures; (b) demand side management of electricity consumption, including energy efficiency, demand response, and changes to codes and standards; (c) energy storage technologies; and (d) carbon sequestration programs, including forest health investments.

(2) "Consumer-owned energy utility" means any consumer-owned gas distribution business or consumer-owned light and power business.

(3) "Consumer-owned gas distribution business" means any gas distribution business not subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any gas plant owned and operated by such gas distribution business.

(4) "Consumer-owned light and power business" means any light and power business not subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any electric plant owned and operated by such light and power business.

(5) "Department" means department of revenue.

(6) "Gas distribution business" has the same meaning as provided in RCW 82.16.010.

(7) "Investor-owned energy utility" means any investor-owned gas distribution business or investor-owned light and power business.

(8) "Investor-owned gas distribution business" means any gas distribution business subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any gas plant owned and operated by such gas distribution business.

(9) "Investor-owned light and power business" means any light and power business subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any electric plant owned and operated by such light and power business.

(10) "Light and power business" has the same meaning as provided in RCW 82.16.010.

NEW SECTION. **Sec.**  A new section is added to chapter 82.16 RCW to read as follows:

(1) Beginning January 1, 2020, an investor-owned energy utility or a consumer-owned energy utility is allowed a credit against taxes due under this chapter in an amount equal to the lesser of the total amount of clean energy investment expenditures made in a fiscal year or five hundred thousand dollars per fiscal year.

(2) Persons wishing to claim a credit under this section must first apply to the department of commerce for approval of their clean energy investment expenditures in a form and manner as prescribed by the department of commerce.

(3) The department of commerce, in consultation with the Washington state utilities and transportation commission, must determine the amount of expenditures eligible for a credit under this section and provide the information to the department in order to administer the credit provided in subsection (1) of this section.

(4)(a) The credit must be taken in a form and manner as required by the department. The total credits that may be claimed under this section may not exceed five million dollars per calendar year. Credits are available on a first-in-time basis. Credits may not be claimed in excess of the tax otherwise due under this chapter for the reporting period. Unused credits may be carried forward until used, subject to the limitation in (b) of this subsection.

(b) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section during any calendar year to exceed five million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(5) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is claimed. No refunds may be granted for credits under this section.

(6) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "return" has the same meaning as defined in RCW 82.32.050.

(7) Credits may not be earned under this section after December 31, 2029. Credits are earned when clean energy investment expenditures are made by an investor-owned energy utility or a consumer-owned energy utility. Credits must be claimed under this section by December 31, 2030.

(8) This section is exempt from the provisions of RCW 82.32.808.

(9) This section expires January 1, 2031.

**Sec.**  RCW 82.14.455 and 2009 c 469 s 105 are each amended to read as follows:

The exemptions in RCW 82.08.962(1)(c), 82.12.962(1)(c), 82.08.963, and 82.12.963 are for the state and local sales and use taxes and include the sales and use taxes imposed under the authority of this chapter.

NEW SECTION. **Sec.**  (1) The legislature finds that a transition to one hundred percent fossil fuel free electricity is necessary to protect Washingtonians from undue risks associated with climate change, desired by the public, and technically feasible, but that the implementation of this act would benefit from deeper engagement with stakeholders and additional analysis to minimize costs, ensure reliability, and maximize benefits to Washington state, its residents, and businesses.

(2)(a) A joint select committee on Washington's clean energy transition is established, with voting members as provided in this subsection (2)(a).

(i) The president of the senate shall appoint one member and one alternate from each of the two largest caucuses of the senate.

(ii) The speaker of the house of representatives shall appoint one member and one alternate from each of the two largest caucuses of the house of representatives.

(b) The committee shall choose its chair from among its membership. The chair of the joint committee on energy supply and energy conservation shall convene the initial meeting of the committee.

(3) The committee must review the timeline, necessary technological and policy changes, and costs and benefits associated with a statewide transition to one hundred percent fossil fuel free electricity, including but not limited to a review of the following:

(a) Electric generation resources known to be commercially available in the state and across the Pacific Northwest, the potential applications of energy storage technologies, and replacement resources for baseload fossil fuel generation resources;

(b) Potential impacts of the clean energy transition on grid reliability, the costs borne by Washington ratepayers, and regional electricity markets, including impacts on multistate utilities, energy imbalance markets, wholesale prices, and renewable energy credit markets;

(c) The unique operational and other characteristics of Washington's electric utilities;

(d) The effect of transportation electrification on electric utilities' load;

(e) The potential policy interactions between the fossil fuel reduction targets established under section 3 of this act and other carbon reduction policies; and

(f) Federal and state regulatory and legal considerations.

(4) Staff support for the committee must be provided by the senate committee services and the house of representatives office of program research.

(5) Legislative members of the committee are reimbursed for travel expenses in accordance with RCW 44.04.120.

(6) The expenses of the committee shall be paid jointly by the senate and the house of representatives. Committee expenditures are subject to approval by the senate facilities and operations committee and the house executive rules committee, or their successor committees.

(7) The legislative chair and vice chair of the committee must jointly appoint a nonvoting advisory committee consisting of public and private sector individuals to provide technical information and assistance in completing the objectives of the committee. Members of such an advisory committee are not entitled to expense reimbursement. The membership of such an advisory committee must include, but not be limited to:

(a) The governor, or the governor's designee;

(b) The chair of the Washington state utilities and transportation commission, or the chair's designee;

(c) The director of the department of commerce, or the director's designee;

(d) The chair of the energy facility site evaluation council, or the chair's designee;

(e) Public counsel or an advocate for electric utility ratepayers designated by public counsel;

(f) One or more representatives of the state's research universities and other institutions of higher education;

(g) One or more representatives each of the Pacific Northwest national laboratory, the Bonneville power administration, the Northwest power and planning council, and the western electricity coordinating council;

(h) One or more representatives of investor-owned utilities;

(i) One or more representatives of municipal electric utilities;

(j) One or more representatives of public utility districts;

(k) One or more representatives of rural electric cooperatives;

(l) One or more representatives of statewide environmental advocacy organizations focused on climate change and greenhouse gas emissions reductions;

(m) One or more representatives of energy-intensive industries;

(n) One or more representatives of statewide labor organizations;

(o) One or more representatives of communities disproportionately impacted by the effects of climate change and communities of color; and

(p) One or more representatives of federally recognized tribes.

(8) Experts in the private sector related to clean energy technologies must be identified by members of the committee and invited to participate in meetings with members of the advisory committee, as appropriate.

(9) Between July 1, 2018, and September 30, 2019, the committee must convene at least three meetings with members of the advisory committee established under subsection (7) of this section.

(10) The department of commerce, the Washington state utilities and transportation commission, and the Washington State University extension energy program shall cooperate with the committee and provide information as the chair may reasonably request.

(11)(a) Votes taken by the committee regarding any aspect of the committee's deliberations, findings, or recommendations must be conducted at a public meeting that has been publicized in accordance with the rules of the senate and the house of representatives.

(b) The committee must report its findings and recommendations to the appropriate committees of the legislature by November 15, 2019. In order for a recommendation to be included in the report, it must be supported by a majority of the committee's voting members. Minority reports or comments must be included in the report.

(12) This section expires January 1, 2020.

NEW SECTION. **Sec.**  Sections 2 through 6 of this act constitute a new chapter in Title 19 RCW.

NEW SECTION. **Sec.**  Sections 2 through 4 and section 6 of this act take effect January 1, 2020.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

Correct the title.

EFFECT: Provides a sales and use tax exemption, in the form of a remittance, for machinery and equipment used directly in generating electricity using certain alternative or renewable energy resources beginning January 1, 2020, through December 31, 2029. Provides a public utility tax credit for certain clean energy investment expenditures beginning January 1, 2020. Establishes a Joint Select Committee on Washington's Clean Energy Transition (Committee). Requires the Committee to report its findings and recommendations to the appropriate committees of the Legislature by November 15, 2019.