
SUBSTITUTE SENATE BILL 6170

State of Washington

61st Legislature

2009 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hobbs and Prentice)

READ FIRST TIME 04/19/09.

1 AN ACT Relating to environmental tax incentives; amending RCW
2 81.104.170, 82.14.050, 82.14.060, 82.04.263, 82.04.294, 82.08.9651,
3 82.12.9651, 82.16.110, 82.16.120, 82.16.130, 82.08.890, 82.12.890,
4 82.16.010, 82.16.020, and 82.08.020; adding new sections to chapter
5 82.08 RCW; adding new sections to chapter 82.12 RCW; adding a new
6 section to chapter 82.14 RCW; adding a new section to chapter 82.04
7 RCW; creating new sections; repealing RCW 82.08.813 and 82.12.813;
8 providing effective dates; providing expiration dates; and declaring an
9 emergency.

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

11 **PART I**

12 **Renewable Energy**

13 NEW SECTION. **Sec. 101.** A new section is added to chapter 82.08
14 RCW to read as follows:

15 (1)(a) Except as provided in section 103 of this act, purchasers
16 who have paid the tax imposed by RCW 82.08.020 on machinery and
17 equipment used directly in generating electricity using fuel cells,
18 wind, sun, biomass energy, tidal or wave energy, geothermal resources,

1 anaerobic digestion, technology that converts otherwise lost energy
2 from exhaust, or landfill gas as the principal source of power, or to
3 sales of or charges made for labor and services rendered in respect to
4 installing such machinery and equipment, are eligible for an exemption
5 as provided in this section, but only if the purchaser develops with
6 such machinery, equipment, and labor a facility capable of generating
7 not less than one thousand watts of electricity.

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

14 (c) Beginning on July 1, 2011, through June 30, 2013, the amount of
15 the exemption under this subsection (1) is equal to seventy-five
16 percent of the state and local sales tax paid. The purchaser is
17 eligible for an exemption under this subsection (1)(c) in the form of
18 a remittance.

19 (2) For purposes of this section and section 102 of this act, the
20 following definitions apply:

21 (a) "Biomass energy" has the same meaning as in RCW 19.285.030.

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

25 (c) "Landfill gas" means biomass fuel, of the type qualified for
26 federal tax credits under Title 26 U.S.C. Sec. 29 of the federal
27 internal revenue code, collected from a "landfill" as defined under RCW
28 70.95.030.

29 (d)(i) "Machinery and equipment" means fixtures, devices, and
30 support facilities that are integral and necessary to the generation of
31 electricity using fuel cells, wind, sun, biomass energy, tidal or wave
32 energy, geothermal resources, anaerobic digestion, technology that
33 converts otherwise lost energy from exhaust, or landfill gas as the
34 principal source of power.

35 (ii) "Machinery and equipment" does not include: (A) Hand-powered
36 tools; (B) property with a useful life of less than one year; (C)
37 repair parts required to restore machinery and equipment to normal
38 working order; (D) replacement parts that do not increase productivity,

1 improve efficiency, or extend the useful life of machinery and
2 equipment; (E) buildings; or (F) building fixtures that are not
3 integral and necessary to the generation of electricity that are
4 permanently affixed to and become a physical part of a building.

5 (3)(a) Machinery and equipment is "used directly" in generating
6 electricity by wind energy, solar energy, biomass energy, tidal or wave
7 energy, geothermal resources, anaerobic digestion, technology that
8 converts otherwise lost energy from exhaust, or landfill gas power if
9 it provides any part of the process that captures the energy of the
10 wind, sun, biomass energy, tidal or wave energy, geothermal resources,
11 anaerobic digestion, technology that converts otherwise lost energy
12 from exhaust, or landfill gas, converts that energy to electricity, and
13 stores, transforms, or transmits that electricity for entry into or
14 operation in parallel with electric transmission and distribution
15 systems.

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

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

35 (b) The department must determine eligibility under this section
36 based on the information provided by the purchaser, which is subject to
37 audit verification by the department. The department must on a

1 quarterly basis remit exempted amounts to qualifying purchasers who
2 submitted applications during the previous quarter.

3 (5) This section expires July 1, 2013.

4 NEW SECTION. **Sec. 102.** A new section is added to chapter 82.12
5 RCW to read as follows:

6 (1)(a) Except as provided in section 104 of this act, consumers who
7 have paid the tax imposed by RCW 82.12.020 on machinery and equipment
8 used directly in generating electricity using fuel cells, wind, sun,
9 biomass energy, tidal or wave energy, geothermal resources, anaerobic
10 digestion, technology that converts otherwise lost energy from exhaust,
11 or landfill gas as the principal source of power, or to sales of or
12 charges made for labor and services rendered in respect to installing
13 such machinery and equipment, are eligible for an exemption as provided
14 in this section, but only if the purchaser develops with such
15 machinery, equipment, and labor a facility capable of generating not
16 less than one thousand watts of electricity.

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

23 (c) Beginning on July 1, 2011, through June 30, 2013, the amount of
24 the exemption under this subsection (1) is equal to seventy-five
25 percent of the state and local sales tax paid. The consumer is
26 eligible for an exemption under this subsection (1)(c) in the form of
27 a remittance.

28 (2)(a) A person claiming an exemption in the form of a remittance
29 under subsection (1)(c) of this section must pay the tax imposed by RCW
30 82.12.020 and all applicable local use taxes imposed under the
31 authority of chapters 82.14 and 81.104 RCW. The consumer may then
32 apply to the department for remittance in a form and manner prescribed
33 by the department. A consumer may not apply for a remittance under
34 this section more frequently than once per quarter. The consumer must
35 specify the amount of exempted tax claimed and the qualifying purchases
36 or acquisitions for which the exemption is claimed. The consumer must
37 retain, in adequate detail, records to enable the department to

1 determine whether the consumer is entitled to an exemption under this
2 section, including: Invoices; proof of tax paid; and documents
3 describing the machinery and equipment.

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

9 (3) Purchases exempt under section 101 of this act are also exempt
10 from the tax imposed under RCW 82.12.020.

11 (4) The definitions in section 101 of this act apply to this
12 section.

13 (5) This section expires June 30, 2013.

14 NEW SECTION. **Sec. 103.** A new section is added to chapter 82.08
15 RCW to read as follows:

16 (1) The tax levied by RCW 82.08.020 does not apply to sales of
17 machinery and equipment used directly in generating electricity using
18 solar energy, or to sales of or charges made for labor and services
19 rendered in respect to installing such machinery and equipment, but
20 only if the purchaser develops with such machinery, equipment, and
21 labor a facility capable of generating not more than ten kilowatts of
22 electricity and provides the seller with an exemption certificate in a
23 form and manner prescribed by the department. The seller must retain
24 a copy of the certificate for the seller's files.

25 (2) For purposes of this section and section 104 of this act:

26 (a) "Machinery and equipment" means industrial fixtures, devices,
27 and support facilities that are integral and necessary to the
28 generation of electricity using solar energy;

29 (b) "Machinery and equipment" does not include: (i) Hand-powered
30 tools; (ii) property with a useful life of less than one year; (iii)
31 repair parts required to restore machinery and equipment to normal
32 working order; (iv) replacement parts that do not increase
33 productivity, improve efficiency, or extend the useful life of
34 machinery and equipment; (v) buildings; or (vi) building fixtures that
35 are not integral and necessary to the generation of electricity that
36 are permanently affixed to and become a physical part of a building;
37 and

1 (c) Machinery and equipment is "used directly" in generating
2 electricity with solar energy if it provides any part of the process
3 that captures the energy of the sun, converts that energy to
4 electricity, and stores, transforms, or transmits that electricity for
5 entry into or operation in parallel with electric transmission and
6 distribution systems.

7 (3) This section expires June 30, 2013.

8 NEW SECTION. **Sec. 104.** A new section is added to chapter 82.12
9 RCW to read as follows:

10 (1) The provisions of this chapter do not apply with respect to
11 machinery and equipment used directly in generating not more than ten
12 kilowatts of electricity using solar energy, or to the use of labor and
13 services rendered in respect to installing such machinery and
14 equipment.

15 (2) The definitions in section 103 of this act apply to this
16 section.

17 (3) This section expires June 30, 2013.

18 NEW SECTION. **Sec. 105.** A new section is added to chapter 82.14
19 RCW to read as follows:

20 The exemptions in sections 101 through 104 of this act are for the
21 state and local sales and use taxes and include the sales and use taxes
22 imposed under the authority of this chapter.

23 **Sec. 106.** RCW 81.104.170 and 1997 c 450 s 5 are each amended to
24 read as follows:

25 (1) Cities that operate transit systems, county transportation
26 authorities, metropolitan municipal corporations, public transportation
27 benefit areas, and regional transit authorities may submit an
28 authorizing proposition to the voters and if approved by a majority of
29 persons voting, fix and impose a sales and use tax in accordance with
30 the terms of this chapter, solely for the purpose of providing high
31 capacity transportation service.

32 (2) The tax authorized pursuant to this section shall be in
33 addition to the tax authorized by RCW 82.14.030 and shall be collected
34 from those persons who are taxable by the state pursuant to chapters
35 82.08 and 82.12 RCW upon the occurrence of any taxable event within the

1 taxing district. The maximum rate of such tax shall be approved by the
2 voters and shall not exceed one percent of the selling price (in the
3 case of a sales tax) or value of the article used (in the case of a use
4 tax). The maximum rate of such tax that may be imposed shall not
5 exceed nine-tenths of one percent in any county that imposes a tax
6 under RCW 82.14.340, or within a regional transit authority if any
7 county within the authority imposes a tax under RCW 82.14.340.

8 (3)(a) The exemptions in RCW 82.08.820 and 82.12.820 are for the
9 state portion of the sales and use tax and do not extend to the tax
10 authorized in this section.

11 (b) The exemptions in sections 101 and 102 of this act are for the
12 state and local sales and use taxes and include the tax authorized by
13 this section.

14 **Sec. 107.** RCW 82.14.050 and 2005 c 336 s 20 are each amended to
15 read as follows:

16 (1) The counties, cities, and transportation authorities under RCW
17 82.14.045, public facilities districts under chapters 36.100 and 35.57
18 RCW, public transportation benefit areas under RCW 82.14.440, regional
19 transportation investment districts, and transportation benefit
20 districts under chapter 36.73 RCW shall contract, prior to the
21 effective date of a resolution or ordinance imposing a sales and use
22 tax, the administration and collection to the state department of
23 revenue, which shall deduct a percentage amount, as provided by
24 contract, not to exceed two percent of the taxes collected for
25 administration and collection expenses incurred by the department. The
26 remainder of any portion of any tax authorized by this chapter that is
27 collected by the department of revenue shall be deposited by the state
28 department of revenue in the local sales and use tax account hereby
29 created in the state treasury. Moneys in the local sales and use tax
30 account may be (~~spent~~) withdrawn only for:

31 (a) Distribution to counties, cities, transportation authorities,
32 public facilities districts, public transportation benefit areas,
33 regional transportation investment districts, and transportation
34 benefit districts imposing a sales and use tax; and

35 (b) Making refunds of taxes imposed under the authority of this
36 chapter and RCW 81.104.170 and exempted under sections 101 and 102 of
37 this act.

1 (2) All administrative provisions in chapters 82.03, 82.08, 82.12,
2 and 82.32 RCW, as they now exist or may hereafter be amended, shall,
3 insofar as they are applicable to state sales and use taxes, be
4 applicable to taxes imposed pursuant to this chapter.

5 (3) Counties, cities, transportation authorities, public facilities
6 districts, and regional transportation investment districts may not
7 conduct independent sales or use tax audits of sellers registered under
8 the streamlined sales tax agreement.

9 (4) Except as provided in RCW 43.08.190, all earnings of
10 investments of balances in the local sales and use tax account shall be
11 credited to the local sales and use tax account and distributed to the
12 counties, cities, transportation authorities, public facilities
13 districts, public transportation benefit areas, regional transportation
14 investment districts, and transportation benefit districts monthly.

15 **Sec. 108.** RCW 82.14.060 and 2005 c 336 s 21 are each amended to
16 read as follows:

17 (1)(a) Monthly, the state treasurer (~~(shall make distribution)~~)
18 must distribute from the local sales and use tax account to the
19 counties, cities, transportation authorities, public facilities
20 districts, and transportation benefit districts the amount of tax
21 collected on behalf of each taxing authority, less:

22 (i) The deduction provided for in RCW 82.14.050; and

23 (ii) The amount of any refunds of local sales and use taxes
24 exempted under sections 101 and 102 of this act, which must be made
25 without appropriation.

26 (b) The state treasurer shall make the distribution under this
27 section without appropriation.

28 (2) In the event that any ordinance or resolution imposes a sales
29 and use tax at a rate in excess of the applicable limits contained
30 herein, such ordinance or resolution shall not be considered void in
31 toto, but only with respect to that portion of the rate which is in
32 excess of the applicable limits contained herein.

33 NEW SECTION. **Sec. 109.** A new section is added to chapter 82.12
34 RCW to read as follows:

35 (1) Except as provided in subsection (2) of this section, the
36 expiration of RCW 82.12.02567 and section 102 of this act do not

1 require the payment of, or authorize the department to assess, use tax
2 imposed by or under the authority of RCW 82.12.020, 81.104.170, and
3 chapter 82.14 RCW, on the use of machinery and equipment, and labor and
4 services rendered in respect to installing such machinery and
5 equipment, if such use qualified for the exemption under RCW
6 82.12.02567 or section 102 of this act immediately preceding the
7 expiration date of the applicable exemption under RCW 82.12.02567 or
8 section 102 of this act.

9 (2) Subsection (1) of this section does not prohibit the department
10 from assessing, subject to the limitations period in RCW 82.32.050,
11 state and local use taxes on the use of machinery and equipment, and
12 labor and services rendered in respect to installing such machinery and
13 equipment, if, before the expiration of the applicable exemption
14 provided in RCW 82.12.02567 or section 102 of this act, the machinery
15 and equipment was put to a use that is outside of the scope of the
16 applicable exemption in RCW 82.12.02567 or section 102 of this act.

17 PART II

18 Radioactive Waste Cleanup

19 NEW SECTION. **Sec. 201.** (1) The legislature finds that the
20 cleaning up of radioactive waste at the Hanford site is crucial to the
21 environment in this state. The legislature intends to include services
22 supporting the cleanup within the radioactive waste clean-up business
23 and occupation tax classification, but it is not the legislature's
24 intent to extend the radioactive waste clean-up classification to all
25 business activities conducted at the Hanford site or performed for
26 persons engaged in the performance of cleanup.

27 (2) It is the legislature's intent in enacting this legislation to
28 ensure that the radioactive waste clean-up business and occupation tax
29 classification applies to all services contributing to the performance
30 of a clean-up project at the Hanford site other than services that are
31 routinely provided to any business, including businesses that are not
32 engaged in clean-up activities.

33 **Sec. 202.** RCW 82.04.263 and 1996 c 112 s 3 are each amended to
34 read as follows:

35 (1) Upon every person engaging within this state in the business of

1 cleaning up for the United States, or its instrumentalities,
2 radioactive waste and other by-products of weapons production and
3 nuclear research and development; as to such persons the amount of the
4 tax with respect to such business shall be equal to the ~~((value of~~
5 ~~the))~~ gross income of the business multiplied by the rate of 0.471
6 percent.

7 (2) For the purposes of this chapter, "cleaning up radioactive
8 waste and other by-products of weapons production and nuclear research
9 and development" means:

10 (a) The activities of handling, storing, treating, immobilizing,
11 stabilizing, or disposing of radioactive waste, radioactive tank waste
12 and capsules, nonradioactive hazardous solid and liquid wastes, or
13 spent nuclear fuel;

14 (b) Spent nuclear fuel conditioning;

15 (c) Removal of contamination in soils and groundwater;

16 (d) Decontamination and decommissioning of facilities; and
17 ~~((activities integral and necessary to the direct performance of~~

18 cleanup)) (e) Services supporting the performance of cleanup. For the
19 purposes of this subsection (2)(e), a service supports the performance
20 of cleanup if it:

21 (i) Is within the scope of work under a clean-up contract with the
22 United States department of energy; or

23 (ii) Assists in the accomplishment of a requirement of a clean-up
24 project undertaken by the United States department of energy under a
25 subcontract entered into with the prime contractor or another
26 subcontractor in furtherance of a clean-up contract between the United
27 States department of energy and a prime contractor.

28 (3) A service does not assist in the accomplishment of a
29 requirement of a clean-up project undertaken by the United States
30 department of energy if the same services are routinely provided to
31 businesses not engaged in clean-up activities, except that the
32 following services are always deemed to contribute to the
33 accomplishment of a requirement of a clean-up project undertaken by the
34 United States department of energy:

35 (a) Information technology and computer support services;

36 (b) Services rendered in respect to infrastructure; and

37 (c) Security, safety, and health services.

1 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

2 (3) This section expires June 30, 2013.

3 NEW SECTION. **Sec. 302.** A new section is added to chapter 82.12
4 RCW to read as follows:

5 (1) The provisions of this chapter do not apply with respect to the
6 use of hog fuel for production of electricity, steam, heat, or biofuel.

7 (2) For the purposes of this section:

8 (a) "Hog fuel" has the same meaning as provided in section 301 of
9 this act; and

10 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

11 (3) This section expires June 30, 2013.

12 **PART IV**

13 **Biomass Energy Incentives**

14 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.04
15 RCW to read as follows:

16 (1) In computing the tax imposed under this chapter, harvesters are
17 allowed a credit against the amount of tax otherwise due under this
18 chapter, as provided in this section. The credit per harvested green
19 ton of forest derived biomass sold, transferred, or used for production
20 of electricity, steam, heat, or biofuel is as follows:

21 (a) For forest derived biomass harvested October 1, 2009, through
22 June 30, 2010, zero dollars;

23 (b) For forest derived biomass harvested July 1, 2010, through June
24 30, 2013, three dollars;

25 (c) For forest derived biomass harvested July 1, 2013, through June
26 30, 2015, five dollars.

27 (2) Credit may not be claimed for forest derived biomass sold,
28 transferred, or used before the effective date of this section. The
29 amount of credit allowed for a reporting period may not exceed the tax
30 otherwise due under this chapter for that reporting period. Any unused
31 excess credit in a reporting period may be carried forward to future
32 reporting periods for a maximum of two years.

33 (3) For the purposes of this section, "harvested" and "harvesters"
34 are defined in RCW 84.33.035, and "biofuel" is defined in RCW
35 43.325.010.

1 (4) This section expires June 30, 2015.

2 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.08
3 RCW to read as follows:

4 (1) The tax levied by RCW 82.08.020 does not apply to sales of
5 biomass used to produce electricity, steam, heat, or biofuel. This
6 exemption is available only if the buyer provides the seller with an
7 exemption certificate in a form and manner prescribed by the
8 department. The seller must retain a copy of the certificate for the
9 seller's files.

10 (2) For purposes of this section, "biofuel" is defined in RCW
11 43.325.010.

12 (3) For purposes of this section, "biomass" includes: (a)
13 Byproducts of pulping and wood manufacturing process; (b) animal waste;
14 (c) solid organic fuels from wood; (d) forest or field residues; (e)
15 wooden demolition or construction debris; (f) food waste; (g) liquors
16 derived from algae and other sources; (h) dedicated energy crops; (i)
17 biosolids; and (j) yard waste. "Biomass" does not include wood pieces
18 that have been treated with chemical preservatives such as creosote,
19 pentachlorophenol, or copper-chrome-arsenic; wood from old growth
20 forests; or municipal solid waste.

21 (4) This section expires June 30, 2013.

22 NEW SECTION. **Sec. 403.** A new section is added to chapter 82.12
23 RCW to read as follows:

24 (1) The provisions of this chapter do not apply with respect to the
25 use of biomass for production of electricity, steam, heat, or biofuel.

26 (2) For purposes of this section, "biofuel" is defined in RCW
27 43.325.010.

28 (3) For purposes of this section, "biomass" includes: (a)
29 Byproducts of pulping and wood manufacturing process; (b) animal waste;
30 (c) solid organic fuels from wood; (d) forest or field residues; (e)
31 wooden demolition or construction debris; (f) food waste; (g) liquors
32 derived from algae and other sources; (h) dedicated energy crops; (i)
33 biosolids; and (j) yard waste. "Biomass" does not include wood pieces
34 that have been treated with chemical preservatives such as creosote,
35 pentachlorophenol, or copper-chrome-arsenic; wood from old growth
36 forests; or municipal solid waste.

1 (4) This section expires June 30, 2013.

2 **PART V**

3 **Solar Energy Incentives**

4 **Sec. 501.** RCW 82.04.294 and 2007 c 54 s 8 are each amended to read
5 as follows:

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

14 (b) Beginning October 1, 2009, upon every person engaging within
15 this state in the business of manufacturing solar energy systems using
16 photovoltaic modules, or of manufacturing solar grade silicon, silicon
17 solar wafers, silicon solar cells, thin film solar devices, or compound
18 semiconductor solar wafers to be used exclusively in components of such
19 systems; as to such persons the amount of tax with respect to such
20 business is, in the case of manufacturers, equal to the value of the
21 product manufactured, or in the case of processors for hire, equal to
22 the gross income of the business, multiplied by the rate of 0.275
23 percent.

24 (2)(a) Beginning October 1, 2005, upon every person engaging within
25 this state in the business of making sales at wholesale of solar energy
26 systems using photovoltaic modules, or of solar grade silicon to be
27 used exclusively in components of such systems, manufactured by that
28 person; as to such persons the amount of tax with respect to such
29 business shall be equal to the gross proceeds of sales of the solar
30 energy systems using photovoltaic modules, or of the solar grade
31 silicon to be used exclusively in components of such systems,
32 multiplied by the rate of 0.2904 percent.

33 (b) Beginning October 1, 2009, upon every person engaging within
34 this state in the business of making sales at wholesale of solar energy
35 systems using photovoltaic modules, or of solar grade silicon, silicon
36 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, manufactured by that person; as to such persons the amount of
3 tax with respect to such business is equal to the gross proceeds of
4 sales of the solar energy systems using photovoltaic modules, or of the
5 solar grade silicon to be used exclusively in components of such
6 systems, multiplied by the rate of 0.275 percent.

7 (3) Beginning October 1, 2009, silicon solar wafers, silicon solar
8 cells, thin film solar devices, or compound semiconductor solar wafers
9 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
10 82.12.9651.

11 (4) The definitions in this subsection apply throughout this
12 section.

13 (a) "Compound semiconductor solar wafers" means a semiconductor
14 solar wafer composed of elements from two or more different groups of
15 the periodic table.

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

19 ((+b)) (c) "Photovoltaic cell" means a device that converts light
20 directly into electricity without moving parts.

21 ((+e)) (d) "Silicon solar cells" means a photovoltaic cell
22 manufactured from a silicon solar wafer.

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

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

28 ((+d)) (g) "Solar grade silicon" means high-purity silicon used
29 exclusively in components of solar energy systems using photovoltaic
30 modules to capture direct sunlight. "Solar grade silicon" does not
31 include silicon used in semiconductors.

32 ((+4)) (h) "Thin film solar devices" means a nonparticipating
33 substrate on which various semiconducting materials are deposited to
34 produce a photovoltaic cell that is used to generate electricity.

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

36 **Sec. 502.** RCW 82.08.9651 and 2006 c 84 s 3 are each amended to
37 read as follows:

1 (1) The tax levied by RCW 82.08.020 (~~shall~~) does not apply to
2 sales of gases and chemicals used by a manufacturer or processor for
3 hire in the production of semiconductor materials. This exemption is
4 limited to gases and chemicals used in the production process to grow
5 the product, deposit or grow permanent or sacrificial layers on the
6 product, to etch or remove material from the product, to anneal the
7 product, to immerse the product, to clean the product, and other such
8 uses whereby the gases and chemicals come into direct contact with the
9 product during the production process, or uses of gases and chemicals
10 to clean the chambers and other like equipment in which such processing
11 takes place. For the purposes of this section, "semiconductor
12 materials" has the meaning provided in RCW 82.04.2404 and 82.04.294(3).

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

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

18 **Sec. 503.** RCW 82.12.9651 and 2006 c 84 s 4 are each amended to
19 read as follows:

20 (1) The provisions of this chapter do not apply with respect to the
21 use of gases and chemicals used by a manufacturer or processor for hire
22 in the production of semiconductor materials. This exemption is
23 limited to gases and chemicals used in the production process to grow
24 the product, deposit or grow permanent or sacrificial layers on the
25 product, to etch or remove material from the product, to anneal the
26 product, to immerse the product, to clean the product, and other such
27 uses whereby the gases and chemicals come into direct contact with the
28 product during the production process, or uses of gases and chemicals
29 to clean the chambers and other like equipment in which such processing
30 takes place. For purposes of this section, "semiconductor materials"
31 has the 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. 504.** RCW 82.16.110 and 2005 c 300 s 2 are each amended to
2 read as follows:

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

5 (1)(a) "Community solar project" means:

6 (i) A solar energy system owned by local individuals, households,
7 nonprofit organizations, or nonutility businesses that is placed on the
8 property owned by a cooperating local governmental entity that is not
9 in the light and power business or in the gas distribution business; or

10 (ii) A utility-owned solar energy system that is voluntarily funded
11 by the utility's ratepayers where, in exchange for their financial
12 support, the utility gives contributors a payment or credit on their
13 utility bill for the value of the electricity produced by the project.

14 (b) For the purposes of "community solar project" as defined in (a)
15 of this subsection:

16 (i) "Nonprofit organization" means an organization exempt from
17 taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal
18 revenue code of 1986, as amended, as of January 1, 2009; and

19 (ii) "Utility" means a light and power business, an electric
20 cooperative, or a mutual corporation that provides electricity service.

21 (2) "Customer-generated electricity" means a community solar
22 project or the alternating current electricity that is generated from
23 a renewable energy system located on an individual's, businesses', or
24 local government's real property that is also provided electricity
25 generated by a light and power business. Except for community solar
26 projects, a system located on a leasehold interest does not qualify
27 under this definition. "Customer-generated electricity" does not
28 include electricity generated by a light and power business with
29 greater than one thousand megawatt hours of annual sales or a gas
30 distribution business.

31 (~~(+2)~~) (3) "Economic development kilowatt-hour" means the actual
32 kilowatt-hour measurement of customer-generated electricity multiplied
33 by the appropriate economic development factor.

34 (~~(+3)~~) (4) "Local governmental entity" means any unit of local
35 government of this state including, but not limited to, counties,
36 cities, towns, municipal corporations, quasi-municipal corporations,
37 special purpose districts, and school districts.

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

3 ~~((4))~~ (6) "Renewable energy system" means a solar energy system,
4 an anaerobic digester as defined in RCW 82.08.900, or a wind generator
5 used for producing electricity.

6 ~~((5))~~ (7) "Solar energy system" means any device or combination
7 of devices or elements that rely upon direct sunlight as an energy
8 source for use in the generation of electricity.

9 ~~((6))~~ (8) "Solar inverter" means the device used to convert
10 direct current to alternating current in a photovoltaic cell system.

11 ~~((7))~~ (9) "Solar module" means the smallest nondivisible self-
12 contained physical structure housing interconnected photovoltaic cells
13 and providing a single direct current electrical output.

14 ~~((8) "Standards for interconnection to the electric distribution
15 system" means technical, engineering, operational, safety, and
16 procedural requirements for interconnection to the electric
17 distribution system of a light and power business.))~~

18 **Sec. 505.** RCW 82.16.120 and 2007 c 111 s 101 are each amended to
19 read as follows:

20 (1) Any individual, business, ~~((or))~~ local governmental entity, not
21 in the light and power business or in the gas distribution business, or
22 a participant in a community solar project may apply to the light and
23 power business serving the situs of the system, each fiscal year
24 beginning on July 1, 2005, for an investment cost recovery incentive
25 for each kilowatt-hour from a customer-generated electricity renewable
26 energy system ~~((installed on its property that is not interconnected to
27 the electric distribution system))~~. No incentive may be paid for
28 kilowatt-hours generated before July 1, 2005, or after June 30,
29 ~~((2014))~~ 2020.

30 (2) ~~((When light and power businesses serving eighty percent of the
31 total customer load in the state adopt uniform standards for
32 interconnection to the electric distribution system, any individual,
33 business, or local governmental entity, not in the light and power
34 business or in the gas distribution business, may apply to the light
35 and power business serving the situs of the system, each fiscal year,
36 for an investment cost recovery incentive for each kilowatt hour from
37 a customer-generated electricity renewable energy system installed on~~

1 ~~its property that is not interconnected to the electric distribution~~
2 ~~system and from a customer-generated electricity renewable energy~~
3 ~~system installed on its property that is interconnected to the electric~~
4 ~~distribution system. Uniform standards for interconnection to the~~
5 ~~electric distribution system means those standards established by light~~
6 ~~and power businesses that have ninety percent of total requirements the~~
7 ~~same. No incentive may be paid for kilowatt-hours generated before~~
8 ~~July 1, 2005, or after June 30, 2014.~~

9 (3)) (a) Before submitting for the first time the application for
10 the incentive allowed under subsection (4) of this section, the
11 applicant (~~shall~~) must submit to the department of revenue and to the
12 climate and rural energy development center at the Washington State
13 University, established under RCW 28B.30.642, a certification in a form
14 and manner prescribed by the department that includes, but is not
15 limited to, the following information:

16 (i) The name and address of the applicant and location of the
17 renewable energy system;

18 (ii) The applicant's tax registration number;

19 (iii) That the electricity produced by the applicant meets the
20 definition of "customer-generated electricity" and that the renewable
21 energy system produces electricity with:

22 (A) Any solar inverters and solar modules manufactured in
23 Washington state;

24 (B) A wind generator powered by blades manufactured in Washington
25 state;

26 (C) A solar inverter manufactured in Washington state;

27 (D) A solar module manufactured in Washington state; or

28 (E) Solar or wind equipment manufactured outside of Washington
29 state;

30 (iv) That the electricity can be transformed or transmitted for
31 entry into or operation in parallel with electricity transmission and
32 distribution systems;

33 (v) The date that the renewable energy system received its final
34 electrical permit from the applicable local jurisdiction.

35 (b) Within thirty days of receipt of the certification the
36 department of revenue (~~shall~~) must notify the applicant by mail, or
37 electronically as provided in RCW 82.32.135, whether the renewable
38 energy system qualifies for an incentive under this section. The

1 department may consult with the climate and rural energy development
2 center to determine eligibility for the incentive. System
3 certifications and the information contained therein are subject to
4 disclosure under RCW 82.32.330(3)(m).

5 ~~((4))~~ (3)(a) By August 1st of each year application for the
6 incentive shall be made to the light and power business serving the
7 situs of the system by certification in a form and manner prescribed by
8 the department that includes, but is not limited to, the following
9 information:

10 (i) The name and address of the applicant and location of the
11 renewable energy system;

12 (ii) The applicant's tax registration number;

13 (iii) The date of the notification from the department of revenue
14 stating that the renewable energy system is eligible for the incentives
15 under this section;

16 (iv) A statement of the amount of kilowatt-hours generated by the
17 renewable energy system in the prior fiscal year.

18 (b) Within sixty days of receipt of the incentive certification the
19 light and power business serving the situs of the system shall notify
20 the applicant in writing whether the incentive payment will be
21 authorized or denied. The business may consult with the climate and
22 rural energy development center to determine eligibility for the
23 incentive payment. Incentive certifications and the information
24 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

25 (c)(i) Persons receiving incentive payments shall keep and
26 preserve, for a period of five years, suitable records as may be
27 necessary to determine the amount of incentive applied for and
28 received. Such records shall be open for examination at any time upon
29 notice by the light and power business that made the payment or by the
30 department. If upon examination of any records or from other
31 information obtained by the business or department it appears that an
32 incentive has been paid in an amount that exceeds the correct amount of
33 incentive payable, the business may assess against the person for the
34 amount found to have been paid in excess of the correct amount of
35 incentive payable and shall add thereto interest on the amount.
36 Interest shall be assessed in the manner that the department assesses
37 interest upon delinquent tax under RCW 82.32.050.

1 (ii) If it appears that the amount of incentive paid is less than
2 the correct amount of incentive payable the business may authorize
3 additional payment.

4 ~~((+5))~~ (4) Except for community solar projects, the investment
5 cost recovery incentive may be paid fifteen cents per economic
6 development kilowatt-hour unless requests exceed the amount authorized
7 for credit to the participating light and power business. For
8 community solar projects, the investment cost recovery incentive may be
9 paid thirty cents per economic development kilowatt-hour unless
10 requests exceed the amount authorized for credit to the participating
11 light and power business. For the purposes of this section, the rate
12 paid for the investment cost recovery incentive may be multiplied by
13 the following factors:

14 (a) For customer-generated electricity produced using solar modules
15 manufactured in Washington state, two and four-tenths;

16 (b) For customer-generated electricity produced using a solar or a
17 wind generator equipped with an inverter manufactured in Washington
18 state, one and two-tenths;

19 (c) For customer-generated electricity produced using an anaerobic
20 digester, or by other solar equipment or using a wind generator
21 equipped with blades manufactured in Washington state, one; and

22 (d) For all other customer-generated electricity produced by wind,
23 eight-tenths.

24 ~~((+6))~~ (5) No individual, household, business, or local
25 governmental entity is eligible for incentives provided under
26 subsection (4) of this section for more than ~~((+two))~~ five thousand
27 dollars per year. Each applicant in a community solar project is
28 eligible for up to five thousand dollars per year.

29 ~~((+7))~~ (6) If requests for the investment cost recovery incentive
30 exceed the amount of funds available for credit to the participating
31 light and power business, the incentive payments shall be reduced
32 proportionately.

33 ~~((+8))~~ (7) The climate and rural energy development center at
34 Washington State University energy program may establish guidelines and
35 standards for technologies that are identified as Washington
36 manufactured and therefore most beneficial to the state's environment.

37 ~~((+9))~~ (8) The environmental attributes of the renewable energy

1 system belong to the applicant, and do not transfer to the state or the
2 light and power business upon receipt of the investment cost recovery
3 incentive.

4 **Sec. 506.** RCW 82.16.130 and 2005 c 300 s 4 are each amended to
5 read as follows:

6 (1) A light and power business shall be allowed a credit against
7 taxes due under this chapter in an amount equal to investment cost
8 recovery incentive payments made in any fiscal year under RCW
9 82.16.120. The credit shall be taken in a form and manner as required
10 by the department. The credit under this section for the fiscal year
11 ~~((shall))~~ may not exceed ~~((twenty-five one-hundredths of))~~ one percent
12 of the businesses' taxable power sales due under RCW 82.16.020(1)(b) or
13 ~~((twenty-five))~~ one hundred thousand dollars, whichever is greater.
14 Incentive payments to participants in a utility-owned community solar
15 project as defined in RCW 82.16.110(1)(a)(ii) may only account for up
16 to twenty-five percent of the total allowable credit. The credit may
17 not exceed the tax that would otherwise be due under this chapter.
18 Refunds shall not be granted in the place of credits. Expenditures not
19 used to earn a credit in one fiscal year may not be used to earn a
20 credit in subsequent years.

21 (2) For any business that has claimed credit for amounts that
22 exceed the correct amount of the incentive payable under RCW 82.16.120,
23 the amount of tax against which credit was claimed for the excess
24 payments shall be immediately due and payable. The department shall
25 assess interest but not penalties on the taxes against which the credit
26 was claimed. Interest shall be assessed at the rate provided for
27 delinquent excise taxes under chapter 82.32 RCW, retroactively to the
28 date the credit was claimed, and shall accrue until the taxes against
29 which the credit was claimed are repaid.

30 (3) The right to earn tax credits under this section expires June
31 30, ~~((2015))~~ 2020. Credits may not be claimed after June 30, ~~((2016))~~
32 2021.

33 **PART VI**
34 **Livestock Nutrient Incentives**

1 **Sec. 601.** RCW 82.08.890 and 2006 c 151 s 2 are each amended to
2 read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to sales to
4 eligible persons of:

5 (a) Qualifying livestock nutrient management equipment;

6 (b) Labor and services rendered in respect to installing,
7 repairing, cleaning, altering, or improving qualifying livestock
8 nutrient management equipment; and

9 (c)(i) Labor and services rendered in respect to ((operating,))
10 repairing, cleaning, altering, or improving of qualifying livestock
11 nutrient management ((equipment and)) facilities, or to ((sales of))
12 tangible personal property that becomes an ingredient or component of
13 ((the equipment and)) qualifying livestock nutrient management
14 facilities in the course of repairing, cleaning, altering, or improving
15 of such facilities.

16 (ii) The exemption provided in this subsection (1)(c) does not
17 apply to the sale of or charge made for: (A) Labor and services
18 rendered in respect to the constructing of new, or replacing previously
19 existing, qualifying livestock nutrient management facilities; or (B)
20 tangible personal property that becomes an ingredient or component of
21 qualifying livestock nutrient management facilities during the course
22 of constructing new, or replacing previously existing, qualifying
23 livestock nutrient management facilities.

24 ~~(2)((a) To be eligible, the equipment and facilities must be used~~
25 ~~exclusively for activities necessary to maintain a livestock nutrient~~
26 ~~management plan.~~

27 ~~(b))~~ The exemption provided in subsection (1) of this section
28 applies to sales made after the livestock nutrient management plan is:
29 ((+i)) (a) Certified under chapter 90.64 RCW; ((+ii)) (b) approved as
30 part of the permit issued under chapter 90.48 RCW; or ((+iii)) (c)
31 approved as required under subsection (4)(c)(iii) of this section.

32 (3)(a) The department of revenue must provide an exemption
33 certificate to an eligible person upon application by that person. The
34 department of agriculture must provide a list of eligible persons, as
35 defined in subsection (4)(c)(i) and (ii) of this section, to the
36 department of revenue. Conservation districts must maintain lists of
37 eligible persons as defined in subsection (4)(c)(iii) of this section
38 to allow the department of revenue to verify eligibility. The

1 application must be in a form and manner prescribed by the department
2 and must contain information regarding the location of the dairy or
3 animal feeding operation and other information the department may
4 require.

5 (b) A person claiming an exemption under this section must keep
6 records necessary for the department to verify eligibility under this
7 section. The exemption is available only when the buyer provides the
8 seller with an exemption certificate in a form and manner prescribed by
9 the department. The seller must retain a copy of the certificate for
10 the seller's files.

11 (4) The definitions in this subsection apply to this section and
12 RCW 82.12.890 unless the context clearly requires otherwise:

13 (a) "Animal feeding operation" means a lot or facility, other than
14 an aquatic animal production facility, where the following conditions
15 are met:

16 (i) Animals, other than aquatic animals, have been, are, or will be
17 stabled or confined and fed or maintained for a total of forty-five
18 days or more in any twelve-month period; and

19 (ii) Crops, vegetation, forage growth, or postharvest residues are
20 not sustained in the normal growing season over any portion of the lot
21 or facility.

22 (b) "Conservation district" means a subdivision of state government
23 organized under chapter 89.08 RCW.

24 (c) "Eligible person" means a person: (i) Licensed to produce milk
25 under chapter 15.36 RCW who has a certified dairy nutrient management
26 plan, as required by chapter 90.64 RCW; (ii) who owns an animal feeding
27 operation and has a permit issued under chapter 90.48 RCW; or (iii) who
28 owns an animal feeding operation and has a nutrient management plan
29 approved by a conservation district as meeting natural resource
30 conservation service field office technical guide standards and who
31 possesses an exemption certificate under RCW 82.08.855.

32 (d) (~~"Livestock nutrient management equipment and facilities"~~
33 ~~means machinery, equipment, and structures used in the handling and~~
34 ~~treatment of livestock manure, such as aerators, agitators, alley~~
35 ~~scrapers, augers, dams, gutter cleaners, loaders, lagoons, pipes,~~
36 ~~pumps, separators, and tanks. The term also includes tangible personal~~
37 ~~property that becomes an ingredient or component of the equipment and~~
38 ~~facilities, including repair and replacement parts)) "Handling and~~

1 treatment of livestock manure" means the activities of collecting,
2 storing, moving, or transporting livestock manure, separating livestock
3 manure solids from liquids, or applying livestock manure to the
4 agricultural lands of an eligible person other than through the use of
5 pivot or linear type traveling irrigation systems.

6 (e) "Permit" means either a state waste discharge permit or a
7 national pollutant discharge elimination system permit, or both.

8 (f) "Qualifying livestock nutrient management equipment" means the
9 following tangible personal property for exclusive use in the handling
10 and treatment of livestock manure, including repair and replacement
11 parts for such equipment: (i) Aerators; (ii) agitators; (iii) augers;
12 (iv) conveyers; (v) gutter cleaners; (vi) hard-hose reel traveler
13 irrigation systems; (vii) lagoon and pond liners and floating covers;
14 (viii) loaders; (ix) manure composting devices; (x) manure spreaders;
15 (xi) manure tank wagons; (xii) manure vacuum tanks; (xiii) poultry
16 house cleaners; (xiv) poultry house flame sterilizers; (xv) poultry
17 house washers; (xvi) poultry litter saver machines; (xvii) pipes;
18 (xviii) pumps; (xix) scrapers; (xx) separators; (xxi) slurry injectors
19 and hoses; and (xxii) wheelbarrows, shovels, and pitchforks.

20 (g) "Qualifying livestock nutrient management facilities" means the
21 following structures and facilities for exclusive use in the handling
22 and treatment of livestock manure: (i) Flush systems; (ii) lagoons;
23 (iii) liquid livestock manure storage structures, such as concrete
24 tanks or glass-lined steel tanks; and (iv) structures used solely for
25 the dry storage of manure, including roofed stacking facilities.

26 **Sec. 602.** RCW 82.12.890 and 2006 c 151 s 3 are each amended to
27 read as follows:

28 (1) The provisions of this chapter do not apply with respect to the
29 use by an eligible person of (~~tangible personal property that becomes~~
30 ~~an ingredient or component of livestock nutrient management equipment~~
31 ~~and facilities, as defined in RCW 82.08.890, or to labor and services~~
32 ~~rendered in respect to repairing, cleaning, altering, or improving~~
33 ~~eligible tangible personal property)):~~

34 (a) Qualifying livestock nutrient management equipment;

35 (b) Labor and services rendered in respect to installing,
36 repairing, cleaning, altering, or improving qualifying livestock
37 nutrient management equipment; and

1 (c)(i) Tangible personal property that becomes an ingredient or
2 component of qualifying livestock nutrient management facilities in the
3 course of repairing, cleaning, altering, or improving of such
4 facilities.

5 (ii) The exemption provided in this subsection (1)(c) does not
6 apply to the use of tangible personal property that becomes an
7 ingredient or component of qualifying livestock nutrient management
8 facilities during the course of constructing new, or replacing
9 previously existing, qualifying livestock nutrient management
10 facilities.

11 (2)(a) To be eligible, the equipment and facilities must be used
12 exclusively for activities necessary to maintain a livestock nutrient
13 management plan.

14 (b) The exemption applies to the use of tangible personal property
15 ((~~or~~)) and labor and services made after the livestock nutrient
16 management plan is: (i) Certified under chapter 90.64 RCW; (ii)
17 approved as part of the permit issued under chapter 90.48 RCW; or (iii)
18 approved as required under RCW 82.08.890(4)(c)(iii).

19 (3) The exemption certificate and recordkeeping requirements of RCW
20 82.08.890 apply to this section. The definitions in RCW 82.08.890
21 apply to this section.

22 **PART VII**
23 **Log Trucks**

24 **Sec. 701.** RCW 82.16.010 and 2007 c 6 s 1023 are each amended to
25 read as follows:

26 For the purposes of this chapter, unless otherwise required by the
27 context:

28 (1) "Railroad business" means the business of operating any
29 railroad, by whatever power operated, for public use in the conveyance
30 of persons or property for hire. It shall not, however, include any
31 business herein defined as an urban transportation business.

32 (2) "Express business" means the business of carrying property for
33 public hire on the line of any common carrier operated in this state,
34 when such common carrier is not owned or leased by the person engaging
35 in such business.

1 (3) "Railroad car business" means the business of operating stock
2 cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank
3 cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any
4 other kinds of cars used for transportation of property or persons upon
5 the line of any railroad operated in this state when such railroad is
6 not owned or leased by the person engaging in such business.

7 (4) "Water distribution business" means the business of operating
8 a plant or system for the distribution of water for hire or sale.

9 (5) "Light and power business" means the business of operating a
10 plant or system for the generation, production or distribution of
11 electrical energy for hire or sale and/or for the wheeling of
12 electricity for others.

13 (6) "Telegraph business" means the business of affording
14 telegraphic communication for hire.

15 (7) "Gas distribution business" means the business of operating a
16 plant or system for the production or distribution for hire or sale of
17 gas, whether manufactured or natural.

18 (8) "Motor transportation business" means the business (except
19 urban transportation business) of operating any motor propelled vehicle
20 by which persons or property of others are conveyed for hire, and
21 includes, but is not limited to, the operation of any motor propelled
22 vehicle as an auto transportation company (except urban transportation
23 business), common carrier or contract carrier as defined by RCW
24 81.68.010 and 81.80.010(~~(+—PROVIDED, That)~~). However, "motor
25 transportation business" shall not mean or include: (a) A log
26 transportation business; or (b) the transportation of logs or other
27 forest products exclusively upon private roads or private highways.

28 (9) "Urban transportation business" means the business of operating
29 any vehicle for public use in the conveyance of persons or property for
30 hire, insofar as (a) operating entirely within the corporate limits of
31 any city or town, or within five miles of the corporate limits thereof,
32 or (b) operating entirely within and between cities and towns whose
33 corporate limits are not more than five miles apart or within five
34 miles of the corporate limits of either thereof. Included herein, but
35 without limiting the scope hereof, is the business of operating
36 passenger vehicles of every type and also the business of operating
37 cartage, pickup, or delivery services, including in such services the
38 collection and distribution of property arriving from or destined to a

1 point within or without the state, whether or not such collection or
2 distribution be made by the person performing a local or interstate
3 line-haul of such property.

4 (10) "Log transportation business" means the business of
5 transporting logs by truck, other than exclusively upon private roads.

6 (11)(a) "Public service business" means any of the businesses
7 defined in subsections (1), (2), (3), (4), (5), (6), (7), (8), and (9)
8 of this section or any business subject to control by the state, or
9 having the powers of eminent domain and the duties incident thereto, or
10 any business hereafter declared by the legislature to be of a public
11 service nature, except telephone business and low-level radioactive
12 waste site operating companies as redefined in RCW 81.04.010. It
13 includes, among others, without limiting the scope hereof: Airplane
14 transportation, boom, dock, ferry, pipe line, toll bridge, toll logging
15 road, water transportation and wharf businesses.

16 (b) The definitions in this subsection (~~((+10+))~~) (11)(b) apply
17 throughout this subsection (~~((+10+))~~) (11).

18 (i) "Competitive telephone service" has the same meaning as in RCW
19 82.04.065.

20 (ii) "Network telephone service" means the providing by any person
21 of access to a telephone network, telephone network switching service,
22 toll service, or coin telephone services, or the providing of
23 telephonic, video, data, or similar communication or transmission for
24 hire, via a telephone network, toll line or channel, cable, microwave,
25 or similar communication or transmission system. "Network telephone
26 service" includes the provision of transmission to and from the site of
27 an internet provider via a telephone network, toll line or channel,
28 cable, microwave, or similar communication or transmission system.
29 "Network telephone service" does not include the providing of
30 competitive telephone service, the providing of cable television
31 service, the providing of broadcast services by radio or television
32 stations, nor the provision of internet service as defined in RCW
33 82.04.297, including the reception of dial-in connection, provided at
34 the site of the internet service provider.

35 (iii) "Telephone business" means the business of providing network
36 telephone service. It includes cooperative or farmer line telephone
37 companies or associations operating an exchange.

1 (iv) "Telephone service" means competitive telephone service or
2 network telephone service, or both, as defined in (b)(i) and (ii) of
3 this subsection.

4 (~~(11)~~) (12) "Tugboat business" means the business of operating
5 tugboats, towboats, wharf boats or similar vessels in the towing or
6 pushing of vessels, barges or rafts for hire.

7 (~~(12)~~) (13) "Gross income" means the value proceeding or accruing
8 from the performance of the particular public service or transportation
9 business involved, including operations incidental thereto, but without
10 any deduction on account of the cost of the commodity furnished or
11 sold, the cost of materials used, labor costs, interest, discount,
12 delivery costs, taxes, or any other expense whatsoever paid or accrued
13 and without any deduction on account of losses.

14 (~~(13)~~) (14) The meaning attributed, in chapter 82.04 RCW, to the
15 term "tax year," "person," "value proceeding or accruing," "business,"
16 "engaging in business," "in this state," "within this state," "cash
17 discount" and "successor" shall apply equally in the provisions of this
18 chapter.

19 **Sec. 702.** RCW 82.16.020 and 1996 c 150 s 2 are each amended to
20 read as follows:

21 (1) There is levied and there shall be collected from every person
22 a tax for the act or privilege of engaging within this state in any one
23 or more of the businesses herein mentioned. The tax shall be equal to
24 the gross income of the business, multiplied by the rate set out after
25 the business, as follows:

26 (a) Express, sewerage collection, and telegraph businesses: Three
27 and six-tenths percent;

28 (b) Light and power business: Three and sixty-two one-hundredths
29 percent;

30 (c) Gas distribution business: Three and six-tenths percent;

31 (d) Urban transportation business: Six-tenths of one percent;

32 (e) Vessels under sixty-five feet in length, except tugboats,
33 operating upon the waters within the state: Six-tenths of one percent;

34 (f) Motor transportation, railroad, railroad car, and tugboat
35 businesses, and all public service businesses other than ones mentioned
36 above: One and eight-tenths of one percent;

37 (g) Water distribution business: Four and seven-tenths percent;

1 (4) For purposes of subsection (3) of this section, "motor vehicle"
2 has the meaning provided in RCW 46.04.320, but does not include farm
3 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
4 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
5 snowmobiles as defined in RCW 46.10.010.

6 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
7 collected under subsection (1) of this section shall be dedicated to
8 funding comprehensive performance audits required under RCW 43.09.470.
9 The revenue identified in this subsection shall be deposited in the
10 performance audits of government account created in RCW 43.09.475.

11 (6) The taxes imposed under this chapter shall apply to successive
12 retail sales of the same property.

13 (7)(a) Until January 1, 2011, the tax imposed in subsection (3) of
14 this section and the dedication of revenue provided for in subsection
15 (5) of this section, do not apply with respect to the sales of new
16 passenger cars, light duty trucks, and medium duty passenger vehicles,
17 which utilize hybrid technology and have a United States environmental
18 protection agency estimated highway gasoline mileage rating of at least
19 forty miles per gallon.

20 (b) As used in this subsection, "hybrid technology" means
21 propulsion units powered by both electricity and gasoline.

22 (8) The rates provided in this section apply to taxes imposed under
23 chapter 82.12 RCW as provided in RCW 82.12.020.

24 **PART IX**
25 **Miscellaneous**

26 NEW SECTION. Sec. 901. Part headings used in this act are not any
27 part of the law.

28 NEW SECTION. Sec. 902. Except for sections 801 and 802 of this
29 act, this act is necessary for the immediate preservation of the public
30 peace, health, or safety, or support of the state government and its
31 existing public institutions, and takes effect July 1, 2009.

32 NEW SECTION. Sec. 903. Sections 801 and 802 of this act take
33 effect August 1, 2009.

1 NEW SECTION. **Sec. 904.** Section 802 of this act expires January 1,
2 2011.

3 NEW SECTION. **Sec. 905.** Sections 701 and 702 of this act expire
4 June 30, 2013.

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