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HOUSE BILL 1301

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State of Washington                      63rd Legislature                      2013 Regular Session

By Representatives Morris, Ryu, McCoy, Hudgins, Morrell, and Pollet

Read first time 01/22/13. Referred to Committee on Technology & Economic Development.

1            AN ACT Relating to creating clean energy jobs in Washington state  
2 through renewable energy incentives; amending RCW 82.16.110, 82.16.120,  
3 43.180.260, and 82.16.130; and adding new sections to chapter 82.16  
4 RCW.

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

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.16 RCW  
7 to read as follows:

8            The legislature intends to promote the development of clean energy  
9 jobs in Washington state by: Modifying a tax credit encouraging energy  
10 consumers to meet their on-site electricity demands by installing  
11 renewable energy systems, establishing a fund to incubate clean energy  
12 manufacturing in Washington by awarding tax credits through a  
13 competitive process that gives preference to systems built in  
14 Washington, and establishing performance milestones to measure the  
15 level of success achieved.

16            **Sec. 2.** RCW 82.16.110 and 2011 c 179 s 2 are each amended to read  
17 as follows:

1 The definitions in this section apply throughout this chapter  
2 unless the context clearly requires otherwise.

3 (1) "Administrator" means an owner and assignee of a community  
4 solar project as defined in subsection ~~((+2+))~~ (3)(a)(i) of this  
5 section that is responsible for applying for the investment cost  
6 recovery incentive on behalf of the other owners and performing such  
7 administrative tasks on behalf of the other owners as may be necessary,  
8 such as receiving investment cost recovery incentive payments, and  
9 allocating and paying appropriate amounts of such payments to the other  
10 owners.

11 (2) "Commission" means the Washington state housing finance  
12 commission as defined in RCW 43.180.020.

13 (3)(a) "Community solar project" means:

14 (i) A solar energy system that is capable of generating up to  
15 seventy-five kilowatts of electricity and is owned by local  
16 individuals, households, nonprofit organizations, or nonutility  
17 businesses that is placed on the property owned by a cooperating local  
18 governmental entity that is not in the light and power business or in  
19 the gas distribution business;

20 (ii) A utility-owned solar energy system that is capable of  
21 generating up to seventy-five kilowatts of electricity and that is  
22 voluntarily funded by the utility's ratepayers where, in exchange for  
23 their financial support, the utility gives contributors a payment or  
24 credit on their utility bill for the value of the electricity produced  
25 by the project; or

26 (iii) A solar energy system, placed on the property owned by a  
27 cooperating local governmental entity that is not in the light and  
28 power business or in the gas distribution business, that is capable of  
29 generating up to seventy-five kilowatts of electricity, and that is  
30 owned by a company whose members are each eligible for an investment  
31 cost recovery incentive for the same customer-generated electricity as  
32 provided in RCW 82.16.120.

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

35 (i) "Company" means an entity that is:

36 (A)(I) A limited liability company;

37 (II) A cooperative formed under chapter 23.86 RCW; or

1 (III) A mutual corporation or association formed under chapter  
2 24.06 RCW; and  
3 (B) Not a "utility" as defined in this subsection (~~((2))~~) (3)(b);  
4 and  
5 (ii) "Nonprofit organization" means an organization exempt from  
6 taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue  
7 code of 1986, as amended, as of January 1, 2009; and  
8 (iii) "Utility" means a light and power business, an electric  
9 cooperative, or a mutual corporation that provides electricity service.  
10 (~~((3))~~) (4) "Customer-generated electricity" means a community  
11 solar project or the alternating current electricity that is generated  
12 from a renewable energy system located in Washington and installed on  
13 an individual's, businesses', or local government's real property that  
14 is also provided electricity generated by a light and power business.  
15 Except for community solar projects, a system located on a leasehold  
16 interest does not qualify under this definition. Except for utility-  
17 owned community solar projects, "customer-generated electricity" does  
18 not include electricity generated by a light and power business with  
19 greater than one thousand megawatt hours of annual sales or a gas  
20 distribution business.  
21 (~~((4))~~) (5) "Economic development kilowatt-hour" means the actual  
22 kilowatt-hour measurement of customer-generated electricity multiplied  
23 by the appropriate economic development factor.  
24 (~~((5))~~) (6) "Local governmental entity" means any unit of local  
25 government of this state including, but not limited to, counties,  
26 cities, towns, municipal corporations, quasi-municipal corporations,  
27 special purpose districts, and school districts.  
28 (~~((6))~~) (7) "Photovoltaic cell" means a device that converts light  
29 directly into electricity without moving parts.  
30 (~~((7))~~) (8) "Qualifying application" means the initial application  
31 made by a program participant for a ten-year annual investment cost  
32 recovery incentive payment pursuant to RCW 82.16.120.  
33 (9) "Renewable energy system" means a solar energy system, an  
34 anaerobic digester as defined in RCW 82.08.900, or a wind generator  
35 used for producing electricity.  
36 (~~((8))~~) (10) "Solar energy system" means any device or combination  
37 of devices or elements that rely upon direct sunlight as an energy  
38 source for use in the generation of electricity.

1       ~~((+9))~~ (11) "Solar inverter" means the device used to convert  
2 direct current to alternating current in a solar energy system.

3       ~~((+10))~~ (12) "Solar module" means the smallest nondivisible self-  
4 contained physical structure housing interconnected photovoltaic cells  
5 and providing a single direct current electrical output.

6       ~~((+11))~~ (13) "Stirling converter" means a device that produces  
7 electricity by converting heat from a solar source utilizing a stirling  
8 engine.

9       **Sec. 3.** RCW 82.16.120 and 2011 c 179 s 3 are each amended to read  
10 as follows:

11       (1) The incentive provided pursuant to this section is designated  
12 as the "phase I investment cost recovery incentive program."

13       (2)(a) Any individual, business, local governmental entity, not in  
14 the light and power business or in the gas distribution business, or a  
15 participant in a community solar project may apply to the light and  
16 power business serving the situs of the system, each fiscal year  
17 beginning on July 1, 2005, and ending June 30, 2013, for an investment  
18 cost recovery incentive for each kilowatt-hour from a customer-  
19 generated electricity renewable energy system.

20       (b) In the case of a community solar project as defined in RCW  
21 82.16.110~~((+2))~~ (3)(a)(i), the administrator must apply for the  
22 investment cost recovery incentive on behalf of each of the other  
23 owners.

24       (c) In the case of a community solar project as defined in RCW  
25 82.16.110~~((+2))~~ (3)(a)(iii), the company owning the community solar  
26 project must apply for the investment cost recovery incentive on behalf  
27 of each member of the company.

28       ~~((+2))~~ (3)(a) Before submitting for the first time the application  
29 to qualify for the incentive allowed under subsection ~~((+4))~~ (5) of  
30 this section, the applicant must submit to the department of revenue  
31 and to the climate and rural energy development center at the  
32 Washington State University, established under RCW 28B.30.642, a  
33 certification in a form and manner prescribed by the department that  
34 includes, but is not limited to, the following information:

35       (i) The name and address of the applicant and location of the  
36 renewable energy system.

1 (A) If the applicant is an administrator of a community solar  
2 project as defined in RCW 82.16.110(~~(+2+)~~) (3)(a)(i), the certification  
3 must also include the name and address of each of the owners of the  
4 community solar project.

5 (B) If the applicant is a company that owns a community solar  
6 project as defined in RCW 82.16.110(~~(+2+)~~) (3)(a)(iii), the  
7 certification must also include the name and address of each member of  
8 the company;

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

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

13 (A) Any solar inverters and solar modules manufactured in  
14 Washington state;

15 (B) A wind generator powered by blades manufactured in Washington  
16 state;

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

18 (D) A solar module manufactured in Washington state;

19 (E) A stirling converter manufactured in Washington state; or

20 (F) Solar or wind equipment manufactured outside of Washington  
21 state;

22 (iv) That the electricity can be transformed or transmitted for  
23 entry into or operation in parallel with electricity transmission and  
24 distribution systems; and

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

27 (b) Within thirty days of receipt of the certification the  
28 department of revenue must notify the applicant by mail, or  
29 electronically as provided in RCW 82.32.135, whether the renewable  
30 energy system qualifies for an incentive under this section. The  
31 department may consult with the climate and rural energy development  
32 center to determine eligibility for the incentive. System  
33 certifications and the information contained therein are subject to  
34 disclosure under RCW 82.32.330(3)(1).

35 ~~((3)(a) By August 1st of each year application for the incentive  
36 must be made to the light and power business serving the situs of the  
37 system by certification in a form and manner prescribed by the~~

1 department that includes, but is not limited to, the following  
2 information:

3 (i) The name and address of the applicant and location of the  
4 renewable energy system.

5 (A) If the applicant is an administrator of a community solar  
6 project as defined in RCW 82.16.110(2)(a)(i), the application must also  
7 include the name and address of each of the owners of the community  
8 solar project.

9 (B) If the applicant is a company that owns a community solar  
10 project as defined in RCW 82.16.110(2)(a)(iii), the application must  
11 also include the name and address of each member of the company;

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; and

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))

19 (4)(a) In order to receive incentive payments pursuant to this section,  
20 by August 1st of each year, each qualifying renewable energy system  
21 owner or administrator must submit a statement of the amount of  
22 kilowatt-hours generated by the renewable energy system in the prior  
23 fiscal year to the light and power business serving the situs of the  
24 system. The statement must be in the form of a sworn affidavit signed  
25 by system owners or, where applicable, system administrators. The  
26 amount of kilowatt-hours generated may be determined by reading an  
27 inverter connected to the system.

28 (b) The light and power business serving the situs of the system  
29 may apply to waive the annual certification requirement established by  
30 (a) of this subsection if the light and power business has the ability  
31 to remotely read kilowatt-hours generated by the renewable energy  
32 system.

33 (c) The light and power business must submit the application for a  
34 waiver to the department in a form and manner prescribed by the  
35 department. The application must list the meter reading methods that  
36 will be used by the light and power business and state the estimated  
37 accuracy of such methods.

1 (d) A light and power business reporting a meter reading method  
2 that is ninety-eight percent accurate qualifies to meet the waiver  
3 requirement under this section, unless the department proves a less  
4 accurate read rate.

5 (e) Within sixty days of receipt of the incentive certification, or  
6 by October 1st of each year, when a waiver is in place, the light and  
7 power business serving the situs of the system must notify the  
8 applicant in writing whether the incentive payment will be authorized  
9 or denied. ((The business may consult with the climate and rural  
10 energy development center to determine eligibility for the incentive  
11 payment.)) Incentive certifications and the information contained  
12 therein are subject to disclosure under RCW 82.32.330(3)(1).

13 ~~((e))~~ (f)(i) Persons, administrators of community solar projects,  
14 and companies receiving incentive payments must keep and preserve, for  
15 a period of five years, suitable records as may be necessary to  
16 determine the amount of incentive applied for and received. Such  
17 records must be open for examination at any time upon notice by the  
18 light and power business that made the payment or by the department.  
19 If upon examination of any records or from other information obtained  
20 by the business or department it appears that an incentive has been  
21 paid in an amount that exceeds the correct amount of incentive payable,  
22 the business may assess against the person for the amount found to have  
23 been paid in excess of the correct amount of incentive payable and must  
24 add thereto interest on the amount. Interest is assessed in the manner  
25 that the department assesses interest upon delinquent tax under RCW  
26 82.32.050.

27 (ii) If it appears that the amount of incentive paid is less than  
28 the correct amount of incentive payable the business may authorize  
29 additional payment.

30 ~~((4))~~ (5) Except for community solar projects, the investment  
31 cost recovery incentive may be paid fifteen cents per economic  
32 development kilowatt-hour unless requests exceed the amount authorized  
33 for credit to the participating light and power business. For  
34 community solar projects, the investment cost recovery incentive may be  
35 paid thirty cents per economic development kilowatt-hour unless  
36 requests exceed the amount authorized for credit to the participating  
37 light and power business. For the purposes of this section, the rate

1 paid for the investment cost recovery incentive may be multiplied by  
2 the following factors:

3 (a) For customer-generated electricity produced using solar modules  
4 manufactured in Washington state or a solar stirling converter  
5 manufactured in Washington state, two and four-tenths;

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

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

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

14 ~~((+5))~~ (6)(a) No individual, household, business, or local  
15 governmental entity is eligible for incentives provided under  
16 subsection ~~((+4))~~ (5) of this section for more than five thousand  
17 dollars per year.

18 (b) Except as provided in (c) through (e) of this subsection  
19 ~~((+5))~~ (6), each applicant in a community solar project is eligible  
20 for up to five thousand dollars per year.

21 (c) Where the applicant is an administrator of a community solar  
22 project as defined in RCW 82.16.110~~((+2))~~ (3)(a)(i), each owner is  
23 eligible for an incentive but only in proportion to the ownership share  
24 of the project, up to five thousand dollars per year.

25 (d) Where the applicant is a company owning a community solar  
26 project that has applied for an investment cost recovery incentive on  
27 behalf of its members, each member of the company is eligible for an  
28 incentive that would otherwise belong to the company but only in  
29 proportion to each ownership share of the company, up to five thousand  
30 dollars per year. The company itself is not eligible for incentives  
31 under this section.

32 (e) In the case of a utility-owned community solar project, each  
33 ratepayer that contributes to the project is eligible for an incentive  
34 in proportion to the contribution, up to five thousand dollars per  
35 year.

36 ~~((+6))~~ (7) If requests for the investment cost recovery incentive  
37 exceed the amount of funds available for credit to the participating



1 light and power business, the incentive payments must be reduced  
2 proportionately.

3 ~~((+7))~~ (8) The climate and rural energy development center at  
4 Washington State University energy program may establish guidelines and  
5 standards for technologies that are identified as Washington  
6 manufactured and therefore most beneficial to the state's environment.

7 ~~((+8))~~ (9) The environmental attributes of the renewable energy  
8 system belong to the applicant, and do not transfer to the state or the  
9 light and power business upon receipt of the investment cost recovery  
10 incentive.

11 ~~((+9))~~ (10)(a) No new renewable energy systems may qualify to  
12 receive the incentive created under this section after June 30, 2013;  
13 and

14 (b) No incentive may be paid under this section for kilowatt-hours  
15 generated before July 1, 2005, or after June 30, ~~((2020))~~ 2023.

16 NEW SECTION. Sec. 4. A new section is added to chapter 82.16 RCW  
17 to read as follows:

18 (1) This section is known as the "phase II investment cost recovery  
19 incentive program."

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

22 (a) "Customer-generated electricity" means the alternating current  
23 electricity that is generated from a renewable energy system located in  
24 Washington and installed on an individual's, businesses', or local  
25 government's real property that is also provided electricity generated  
26 by a light and power business. "Customer-generated electricity" does  
27 not include electricity generated by a community solar project as  
28 defined in RCW 82.16.110.

29 (b) "Customer" means an individual, business not in the light and  
30 power business, or local government that has a customer-generated  
31 electricity system installed on its real property.

32 (c) "Phase II investment cost recovery incentive payment" means an  
33 incentive payment made pursuant to this section.

34 (3) Beginning on July 1, 2013, light and power businesses must  
35 offer to qualifying customers annual phase II investment cost recovery  
36 incentive payments for a term of ten years.

1 (a) The term begins on the first day after the commission certifies  
2 a system for the incentive or on the first day after the system has  
3 received its final electrical permit from the relevant jurisdiction,  
4 whichever date is later.

5 (b) By July 15, 2013, the department must determine the total  
6 dollar amount of all credits that it awarded pursuant to RCW 82.16.120  
7 to each light and power business against taxes due, since the phase I  
8 investment cost recovery incentive program's inception in 2005 until  
9 June 30, 2013, and must provide this information to the commission and  
10 to each light and power business. Each business' total dollar amount  
11 is multiplied by two to establish the on-site generation fund that must  
12 be maintained by that light and power business to provide phase II  
13 incentive payments to customers.

14 (4) Beginning August 1, 2013, a customer may apply to the light and  
15 power business that provides electricity to the customer for a phase II  
16 investment cost recovery incentive payment for each kilowatt-hour  
17 generated in Washington by a customer-generated electricity system. A  
18 customer may not recover payments for net kilowatt-hours produced in  
19 excess of the net kilowatt-hours consumed at the metered location, as  
20 calculated annually.

21 (5) A customer seeking to qualify for phase II investment cost  
22 recovery incentive payments must obtain certification from the  
23 commission. The customer must submit a completed application in a form  
24 and manner prescribed by the commission.

25 (6)(a) Before June 30, 2013, the department must develop an  
26 application form. The application form must include, but is not  
27 limited to, the following information:

28 (i) The name and address of the applicant and location of the  
29 renewable energy system;

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

31 (iii) A statement that the electricity produced by the applicant  
32 meets the definition of "customer-generated electricity" and that the  
33 electricity can be transformed or transmitted for entry into or  
34 operation in parallel with electricity transmission and distribution  
35 systems;

36 (iv) A statement that the renewable energy system produces  
37 electricity with:

1 (A) All solar inverters and solar modules manufactured in  
2 Washington state;

3 (B) A wind generator powered by blades manufactured in Washington  
4 state;

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

6 (D) A solar module manufactured in Washington state;

7 (E) A stirling converter manufactured in Washington state; or

8 (F) No solar or wind equipment manufactured within Washington  
9 state; and

10 (v) If the renewable energy system has received its final  
11 electrical permit from the applicable local jurisdiction, the date upon  
12 which this permit was issued.

13 (b) Within thirty days of receipt of the application, the  
14 department must notify the applicant by mail, or electronically as  
15 provided in RCW 82.32.135, whether the customer's renewable energy  
16 system qualifies for an incentive under this section. The department  
17 may consult with the light and power business providing electricity to  
18 the system, or others as necessary, to determine eligibility for the  
19 incentive. System certifications and the information contained therein  
20 are subject to disclosure under chapter 42.56 RCW and RCW 82.32.330.

21 (7) After June 30, 2020, the department may not approve for  
22 certification a renewable energy system under this section.

23 (8) After a customer has been certified to receive a phase II  
24 incentive, the customer must submit a report by August 1st of each year  
25 to the light and power business, in a form established by the  
26 department, declaring the number of kilowatt-hours generated by the  
27 system over the course of the fiscal year. This amount may be  
28 determined by the customer by reading the inverter connected to the  
29 system.

30 (9)(a) The light and power business serving the system may obtain  
31 a waiver of the annual reporting requirement under subsection (8) of  
32 this section on behalf of the customer if the light and power business  
33 has the ability to remotely read kilowatt-hours generated by the  
34 renewable energy system in the prior fiscal year.

35 (b) The light and power business must submit to the department a  
36 written waiver application in a form and manner prescribed by the  
37 department.

1 (c) The waiver application must list the meter reading methods that  
2 will be used by the light and power business and state the estimated  
3 accuracy of such methods.

4 (d) A light and power business reporting a meter reading method  
5 that is ninety-eight percent accurate qualifies to meet the waiver  
6 requirement under this section, unless the department proves a less  
7 accurate read rate.

8 (e) Once a waiver has been granted, it operates to waive the  
9 reporting requirement as long as the light and power business retains  
10 the ability to remotely read the kilowatt-hours generated. The light  
11 and power business, upon receipt of the waiver, must notify the  
12 customer that the reporting requirement has been waived.

13 (10) Customers must keep and preserve, for a period of five years,  
14 suitable records as may be necessary to determine the amount of  
15 incentive applied for and received. Such records must be open for  
16 examination at any time upon notice by the light and power business  
17 that made the payment, by the commission, or by the department.

18 (a) If upon examination of any records or from other information  
19 obtained by the light and power business, commission, or department, it  
20 appears that an incentive has been paid in an amount that exceeds the  
21 correct amount of incentive payable, the light and power business must  
22 assess against the customer for the amount found to have been paid in  
23 excess of the correct amount of incentive payable and must add thereto  
24 interest on the amount. Interest is assessed in the manner that the  
25 department assesses interest upon delinquent tax under RCW 82.32.050.

26 (b) If it appears that the amount of incentive paid is less than  
27 the correct amount of incentive payable, the light and power business  
28 must authorize additional payment.

29 (11) The phase II investment cost recovery incentive may be paid  
30 initially at an incentive base rate of fifteen cents per economic  
31 development kilowatt-hour for all renewable energy systems  
32 participating in the program under this section.

33 (a) The base rate must be adjusted downwards if requests exceed the  
34 amount authorized for credit to the participating light and power  
35 business.

36 (b) The base rate is subject to the market correction factor  
37 beginning July 1, 2018. If the base rate, once subject to the market  
38 correction factor, is less than the retail cost of electricity offered

1 by the light and power business serving the customer-generated  
2 electricity system, the light and power business is not eligible for  
3 the investment cost recovery incentive payments for that fiscal year.

4 (c) The base rate paid for the phase II investment cost recovery  
5 incentive may be multiplied by the following factors:

6 (i) For customer-generated electricity produced using solar modules  
7 manufactured in Washington state or a solar stirling converter  
8 manufactured in Washington state, two and four-tenths;

9 (ii) For customer-generated electricity produced using a solar or  
10 wind generator equipped with an inverter manufactured in Washington  
11 state, one and two-tenths;

12 (iii) For customer-generated electricity produced using an  
13 anaerobic digester, or by other solar equipment or using a wind  
14 generator equipped with blades manufactured in Washington state, one;  
15 and

16 (iv) For all other customer-generated electricity produced by wind,  
17 eight-tenths.

18 (d) The climate and rural energy development center at Washington  
19 State University energy program may establish guidelines and standards  
20 for technologies that are identified as Washington manufactured and  
21 therefore most beneficial to the state's environment.

22 (12) The commission must announce the incentive rate no later than  
23 June 30th of each year until 2029. In establishing the incentive rate,  
24 the commission must consult with the department of commerce to find the  
25 market correction factor.

26 (13) If requests for the phase II investment cost recovery  
27 incentive in a given fiscal year exceed the amount of funds available  
28 for credit to the participating light and power business, the incentive  
29 payments must be reduced proportionately.

30 (14) After June 30, 2023, any remaining unused tax credits must be  
31 transferred to the sustainable energy trust as established by RCW  
32 43.180.260.

33 (15) No incentive may be paid under this section for kilowatt-hours  
34 generated before July 1, 2013, or after June 30, 2030.

35 **Sec. 5.** RCW 43.180.260 and 2009 c 65 s 3 are each amended to read  
36 as follows:

37 (1) If economically feasible, the commission (~~shall~~) must develop

1 and implement a sustainable energy trust program to provide financing  
2 for qualified improvement projects. In developing the sustainable  
3 energy trust program, the commission (~~shall~~) must establish  
4 eligibility criteria for financing that will enable it to choose  
5 eligible applicants who are likely to repay loans made or acquired by  
6 the commission and funded from the proceeds of commission bonds.

7 (2) The commission (~~shall~~) must, if economically feasible:

8 (a) Issue bonds, as defined in RCW 43.180.020, for the purpose of  
9 financing loans for qualified energy efficiency and renewable energy  
10 improvement projects in accordance with RCW 43.180.150;

11 (b) Participate fully in federal and other governmental programs  
12 and take actions that are necessary and consistent with this chapter to  
13 secure to itself and the people of the state the benefits of programs  
14 to promote energy efficiency and renewable energy technologies;

15 (c) Contract with a certifying authority to accept applications for  
16 energy efficiency and renewable energy improvement projects, to review  
17 applications, including binding fixed price bids for the improvements,  
18 and to approve qualified improvements for financing by the commission.  
19 For solar electric systems, the certifying authority must use an  
20 application certification process similar to the investment cost  
21 recovery incentive application process provided under RCW 82.16.120.  
22 No work by a certifying authority may commence under this section until  
23 a request has been made by the commission; and

24 (d) Before entering into a contract with a certifying authority as  
25 defined in RCW 43.180.020(2)(b), consult with the Washington State  
26 University extension energy (~~extension [extension energy]~~) program to  
27 determine which potential improvement technologies are appropriate.

28 (3) There is hereby created within the sustainable energy trust  
29 program a green jobs tax credit account to promote installation of  
30 renewable energy systems in the state of Washington, giving preference  
31 to systems that were manufactured in the state of Washington. Within  
32 six months of the effective date of this section, the commission must  
33 establish and implement a competitive process to award tax credits from  
34 the green jobs tax credit account to any legal entity in the state of  
35 Washington.

36 (a) The commission must establish objective, competitive criteria  
37 for awarding tax credits that include, but are not limited to:

38 (i) Whether the system contains Washington-manufactured components;

1 (ii) The system's cost-effectiveness, based on the price per  
2 kilowatt-hour capacity installed or based on the estimated life-cycle  
3 cost per kilowatt-hour generated;

4 (iii) The degree to which installation of the system or type of  
5 system contributes to verifiable job creation in the state of  
6 Washington; and

7 (iv) The degree to which the state investment of tax credits  
8 leverages nonstate funds.

9 (b) The identity of the light and power business serving the  
10 applicant may not be given weight in the award of applications.

11 (4) The account must be funded by credits calculated in the manner  
12 established in this section. Prior to July 1, 2013, the commission  
13 must estimate how much total funding will be available for the green  
14 jobs tax credit account over the ten-year period beginning July 1,  
15 2013, and ending June 30, 2023. The total funding available must be  
16 determined, in consultation with the department of revenue, by  
17 subtracting: The amount of money that will be spent by the light and  
18 power businesses in making ten years of phase I and phase II incentive  
19 payments, pursuant to RCW 82.16.120 and section 4 of this act, from  
20 one-half percent of the sum of all the taxable power sales due under  
21 RCW 82.16.020(1)(b) of the light and power businesses that participated  
22 in the phase I and phase II investment cost recovery incentive programs  
23 set forth in RCW 82.16.120 and section 4 of this act.

24 (5) The commission must allocate the entire amount determined in  
25 subsection (4) of this section, in equal increments each year, over the  
26 course of ten years, using the competitive bidding process described in  
27 subsection (3) of this section. If a change in circumstance results in  
28 a change in the estimated total funding available, the commission must  
29 prorate the amount of funding available for each year remaining in the  
30 program.

31 (6) No general fund resources may be expended to implement this  
32 section.

33 **Sec. 6.** RCW 82.16.130 and 2010 c 202 s 3 are each amended to read  
34 as follows:

35 (1) A light and power business (~~shall be~~) is allowed a credit  
36 against taxes due under this chapter in an amount equal to the phase I  
37 investment cost recovery incentive payments made in any fiscal year

1 under RCW 82.16.120. The credit ~~((shall))~~ must be taken in a form and  
2 manner as required by the department. The ability to earn phase I tax  
3 credits under this section expires June 30, 2020. Credits may not be  
4 claimed after June 30, 2021.

5 (2) After June 30, 2013, a light and power business is also allowed  
6 a credit against taxes due under this chapter in an amount equal to  
7 phase II investment cost recovery incentive payments made in any fiscal  
8 year under section 4 of this act. The ability to earn phase II tax  
9 credits under this section expires June 30, 2023. Credits may not be  
10 claimed after June 30, 2024.

11 (a) The total amount of phase II investment cost recovery incentive  
12 payments for which a light and power business may receive credit during  
13 the course of the phase II program is equal to twice the total amount  
14 of credits claimed by that business pursuant to the phase I program for  
15 incentive payments made between July 1, 2005, and June 30, 2013.

16 (b) The amount of phase II investment cost recovery incentive  
17 payments for which a light and power business may receive credit each  
18 year is one-tenth of the amount determined in (a) of this subsection.

19 (c) The phase II credit must be taken in a form and manner  
20 prescribed by the commission.

21 (3) No entity may claim double credit for the same electricity  
22 generation by seeking or retaining payment or credit pursuant to both  
23 RCW 82.16.120 and section 4 of this act.

24 (4) The credit under this section for the fiscal year may not  
25 exceed one-half percent of the businesses' taxable power sales due  
26 under RCW 82.16.020(1)(b) or one hundred thousand dollars, whichever is  
27 greater. ~~((Incentive payments to participants in a utility-owned~~  
28 community solar project as defined in RCW 82.16.110(2)(a)(ii) may only  
29 account for up to twenty-five percent of the total allowable credit.  
30 Incentive payments to participants in a company-owned community solar  
31 project as defined in RCW 82.16.110(2)(a)(iii) may only account for up  
32 to five percent of the total allowable credit.)) The credit may not  
33 exceed the tax that would otherwise be due under this chapter. Refunds  
34 ~~((shall))~~ may not be granted in the place of credits. Expenditures not  
35 used to earn a credit in one fiscal year may not be used to earn a  
36 credit in subsequent years.

37 ~~((+2))~~ (5) For any business that has claimed credit for amounts  
38 that exceed the correct amount of the incentive payable under RCW



1 82.16.120, the amount of tax against which credit was claimed for the  
2 excess payments (~~(shall be))~~ are immediately due and payable. The  
3 department (~~(shall))~~ must assess interest but not penalties on the  
4 taxes against which the credit was claimed. Interest (~~(shall be))~~ is  
5 assessed at the rate provided for delinquent excise taxes under chapter  
6 82.32 RCW, retroactively to the date the credit was claimed, and  
7 (~~(shall))~~ accrues until the taxes against which the credit was claimed  
8 are repaid.

9 ~~((3) The right to earn tax credits under this section expires June~~  
10 ~~30, 2020. Credits may not be claimed after June 30, 2021))~~ (6) On July  
11 1, 2013, unused credits that would have been available to a light and  
12 power business pursuant to the phase I investment cost recovery  
13 incentive program established in RCW 82.16.120, beginning with July 1,  
14 2005, and ending June 30, 2013, must be rolled over into the green jobs  
15 tax credit account as set forth in section 5 of this act.

16 NEW SECTION. Sec. 7. A new section is added to chapter 82.16 RCW  
17 to read as follows:

18 (1) The legislature finds that accountability and the effectiveness  
19 of attempts to foster job creation and retention are important aspects  
20 of setting tax policy. In order to make policy choices regarding the  
21 best use of limited state resources, the legislature needs to know how  
22 the incentives are used, and the degree to which they meet the  
23 legislature's intent.

24 (2) The "national solar jobs census 2011" produced by the solar  
25 foundation states that there were 2,301.37 solar-related jobs in  
26 Washington in 2011, and ranks Washington twelfth of the fifty states  
27 for solar-related employment. The "national solar jobs census 2011"  
28 also states that Washington has 3.42 solar-related jobs per ten  
29 thousand residents, and ranks Washington tenth of the fifty states for  
30 per capita solar-related employment.

31 (3) The outcomes intended by the legislature to be reached by 2021  
32 for the tax credits awarded under this chapter are as follows:

33 (a) As measured by the "national solar jobs census" or other  
34 equivalent study of solar-related employment:

35 (i) An increase in the total number and per capita rate of solar-  
36 related jobs in Washington; and

1 (ii) Achievement of a top ten ranking for solar-related employment  
2 and a top nine ranking for per capita solar-related employment;

3 (b) A one hundred percent increase in the utilization of the tax  
4 credits awarded under this chapter, from the 3,119 installed solar  
5 systems in 2012 to 6,238 installed solar systems;

6 (c) A one hundred percent increase in the amount of installed solar  
7 system megawatts, from 1.6093 megawatts to 3.22 megawatts; and

8 (d) Increases in renewable-related employment and utilization of  
9 the other renewable generating resources covered in this act, from a  
10 baseline, to be determined by the commission.

11 (4) The commission, in consultation with the Washington State  
12 University energy program, must measure the amount of progress towards  
13 achieving the outcomes described in subsection (3) of this section.  
14 Subject to data availability, the measures must include, but are not  
15 limited to:

16 (a) The total number and per capita rate of solar-related jobs in  
17 Washington;

18 (b) Washington's national ranking for solar-related employment and  
19 per capita solar-related employment;

20 (c) The number of installed solar systems;

21 (d) The amount of installed solar system electricity generation  
22 capacity, as measured in megawatts;

23 (e) The levels of renewable-related employment and utilization of  
24 the other renewable generating resources covered in this act as  
25 determined by the commission;

26 (f) The average efficiency rate of the conversion of natural energy  
27 into electricity;

28 (g) The average price per kilowatt-hour generated; and

29 (h) The degree to which the state investment leverages nonstate  
30 funds as measured by:

31 (i) The total amount of tax credits awarded in Washington and  
32 within each county; and

33 (ii) The total amount of nonstate funds leveraged in Washington and  
34 within each county.

35 (5) All recipients of tax credits awarded under this chapter must  
36 provide the commission with any data requested for reporting purposes.  
37 Failure to comply may result in the loss of a tax credit award in the  
38 following year.

1           (6) By December 31st each year, beginning in 2014, and in  
2 compliance with RCW 43.01.036, the commission must submit a report to  
3 the legislature that details the progress achieved in reaching the  
4 intended outcomes specified in this section.

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