

ESSB 6012 - H AMD 2186

By Representative Fitzgibbon

1 Strike everything after the enacting clause and insert the
2 following:

3

4 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
5 RCW to read as follows:

6 (1) A taxpayer is eligible for an exemption, in the form of a
7 remittance, from the tax levied by RCW 82.08.020 on:

8 (a) The sale of oil-free adjustable blade hubs for hydroelectric
9 turbines;

10 (b) The sale of or charge made for labor and services rendered
11 in respect to constructing, installing, repairing, altering,
12 cleaning, or improving oil-free adjustable blade hubs for
13 hydroelectric turbines; and

14 (c) The sale of tangible personal property that will become a
15 component of oil-free adjustable blade hubs for hydroelectric
16 turbines during the course of constructing, installing, repairing,
17 altering, cleaning, or improving oil-free adjustable blade hubs for
18 hydroelectric turbines.

19 (2)(a) Any taxpayer claiming exemption from retail sales tax
20 under the provisions of this section must pay the state and local
21 sales tax to the seller at the time of purchase and then request a
22 remittance from the department in accordance with this subsection.
23 The request for remittance must include any information and
24 documentation as required by the department, which may include the
25 sales price of any goods or services purchased, the amount of sales
26 tax paid on the item, the date of the purchase, the name of the
27

1 seller and the physical address where the sale took place, and
2 copies of sales receipts showing the qualified purchases.

3 (b) Requests for remittance must be made on an annual basis. A
4 taxpayer may not submit more than one request for remittance for a
5 given calendar year, except to amend a request.

6 (c) As part of the application for a remittance under this
7 section, in cases where the labor and services as described in
8 subsection (1)(b) of this section are provided under contract, the
9 taxpayer must attest:

10 (i)(A) That the contractors on the project, for which the labor
11 and services described in subsection (1)(b) of this section are
12 rendered, have a history of complying with federal and state wage
13 and hour laws and regulations; or

14 (B) That the project, for which the labor and services described
15 in subsection (1)(b) of this section are rendered, is developed
16 under a community workforce agreement or project labor agreement; or

17 (ii) That, if the contract for labor and services described
18 under subsection (1)(b) of this section was executed prior to July
19 1, 2020, and the remaining labor and services will be rendered on or
20 after July 1, 2020, either of the conditions in (c)(i) of this
21 subsection (2) is met and wages consistent with chapter 39.12 RCW
22 are paid on the project.

23 (d) If the department determines that any of the facts attested
24 to as required under (c) of this subsection are not true, the
25 department must deny the application for remittance. However,
26 nothing in this section requires the department to endeavor to
27 determine the veracity of the facts attested to as required under
28 (c) of this subsection. Upon the department's request, state
29 agencies must provide assistance to the department in reviewing the
30 information submitted by a generating utility as required by (c) of
31 this subsection.

32 (e) Any taxpayer claiming exemption from retail sales tax under
33 the provisions of this section must also report to the department
34 the amount of energy expected to be generated by the hydroelectric

1 turbines associated with the exemption in the twelve months
2 following the date of the request. The department must make this
3 information available to the joint legislative audit and review
4 committee.

5 (3) The exemption provided by this section is only for the state
6 portion of the sales tax. For purposes of this section, the state
7 portion of the sales tax is not reduced by any local sales tax that
8 is deducted or credited against the state sales tax as provided by
9 law.

10 (4) The definitions in this subsection apply throughout this
11 section and section 2 of this act unless the context clearly
12 requires otherwise:

13 (a) "Electric utility" has the same meaning as defined in RCW
14 19.29A.010.

15 (b) "Hydroelectric turbine" means a mechanical wheel that is
16 moved by water and connected to a generator to produce electricity
17 in a hydroelectric project owned by an electric utility.

18 (c) "Oil-free adjustable blade hub for hydroelectric turbines"
19 means a type of horizontal or vertical hydroelectric turbine with
20 adjustable blades that does not use oil on the runner hub to
21 lubricate the internal components.

22 (5) This section expires July 1, 2030.

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24 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
25 RCW to read as follows:

26 (1) A taxpayer is eligible for an exemption, in the form of a
27 remittance, from the tax levied by RCW 82.12.020 on:

28 (a) Oil-free adjustable blade hubs for hydroelectric turbines;

29 (b) Labor and services rendered in respect to constructing,
30 installing, repairing, altering, cleaning, or improving oil-free
31 adjustable blade hubs for hydroelectric turbines; and

32 (c) Tangible personal property that will become a component of
33 oil-free adjustable blade hubs for hydroelectric turbines during the
34 course of constructing, installing, repairing, altering, cleaning,

1 or improving oil-free adjustable blade hubs for hydroelectric
2 turbines.

3 (2) All of the eligibility requirements, conditions,
4 limitations, and definitions in section 1 of this act apply to this
5 section.

6 (3) This section expires July 1, 2030.

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8 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
9 performance statement for the tax preference contained in sections 1
10 and 2, chapter . . . , Laws of 2020 (sections 1 and 2 of this act).
11 This performance statement is only intended to be used for
12 subsequent evaluation of the tax preference. It is not intended to
13 create a private right of action by any party or to be used to
14 determine eligibility for preferential tax treatment.

15 (2) The legislature categorizes this tax preference as one
16 intended to improve industry competitiveness as indicated in RCW
17 82.32.808(2)(b).

18 (3) It is the legislature's specific public policy objective to
19 promote the use of oil-free hydroelectric turbine technology.

20 (4) If a review finds that there is an increase in the number of
21 taxpayers claiming the exemption provided in this act and in the
22 amount of energy generated by the hydroelectric turbines associated
23 with this exemption, then the legislature intends to extend the
24 expiration date of this tax preference.

25 (5) In order to obtain the data necessary to perform the review
26 in subsection (4) of this section, the joint legislative audit and
27 review committee may refer to any data collected by the state.

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29 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2020."

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31 Correct the title.

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EFFECT: (1) Provides that requests for remittance must be made on an annual basis. Removes provisions requiring that a taxpayer must submit a quarterly information sheet to the Department of Revenue and that the remittance is made on a quarterly basis.

(2) Requires the taxpayer to attest that labor and services provided under contract are: (a) Provided by a contractor with a history of complying with federal and state wage and hour laws and regulations; or (b) the labor and services are rendered as part of a project developed under a community workforce agreement or project labor agreement.

(3) Provides that for contracts executed prior to July 1, 2020, but where labor and services will be rendered after that date, the taxpayer must attest that either of the above requirements are met and that wages consistent with chapter 39.12 RCW are paid.

(4) Removes the requirement that the Department of Labor and Industries certify that a project compensates workers at prevailing wage rates.

(5) Authorizes the Department of Revenue to deny an application, if the Department determines that any of the facts attested to with regard to labor standards are not true.

(6) Provides that any taxpayer claiming the exemption must report, to the Department of Revenue, the amount of energy expected to be generated by the hydroelectric turbines associated with the exemption in the twelve months following the date of the request.

(7) Limits eligible taxpayers to "electric utilities" as defined in RCW 19.29A.010.

(8) Defines the term "hydroelectric turbine".

(9) Modifies the tax preference performance statement to indicate that the preference is one intended to improve industry competitiveness as indicated in RCW 82.32.808(2)(b), instead of to induce certain designated behavior by taxpayers as indicated in RCW 82.32.808(2)(a).

(10) Modifies the tax preference performance statement to provide that the Joint Legislative Audit and Review Committee review if there is an increase in the number of taxpayers claiming the exemption and if there is an increase in the amount of energy generated by the hydroelectric turbines associated with the exemption.

(11) Removes the null and void clause.

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