

SHB 1768 - S COMM AMD
By Committee on Ways & Means

NOT CONSIDERED 03/07/2024

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.16
4 RCW to read as follows:

5 (1) Subject to the restrictions in this section, beginning
6 October 1, 2024, the tax levied under this chapter does not apply to
7 sales of electricity from a renewable resource or nonemitting
8 electric generation made by a light and power business to a
9 qualifying business if:

10 (a) The qualifying activity commences no later than July 1, 2034;
11 and

12 (b) The contract for sale of electricity to the business contains
13 the following terms:

14 (i) The electricity to be used in the qualifying activities is
15 separately metered from the electricity used for general operations
16 of the business; and

17 (ii) The price charged for the electricity used in the qualifying
18 activities is reduced by an amount, not to exceed \$100,000 per year,
19 equal to the tax exemption available to the light and power business
20 under this section.

21 (2)(a) The maximum annual exemption amount per qualifying
22 business is \$100,000. The light and power business must remit to the
23 department the value of any exemptions taken plus interest if the
24 total amount of the exemption claimed for sales of electricity to a
25 qualifying business exceeds \$100,000 in a calendar year.

26 (b) The exemption provided for in this section does not apply to
27 amounts received from the remarketing or resale of electricity
28 originally obtained by contract for the qualifying activities.

29 (3) In order to claim an exemption under this section, a
30 qualifying business must provide the light and power business with an
31 exemption certificate in a form and manner prescribed by the
32 department.

1 (4) In order to claim an exemption under this section, the
2 qualifying business must demonstrate that at least 60 percent of the
3 hydrogen produced by its qualifying activity is used in qualifying
4 projects. The end use of the hydrogen does not need to be at a
5 facility owned by the qualifying business receiving the benefit of
6 the exemption provided in this section.

7 (5) A qualifying business receiving the benefit of the exemption
8 provided in this section must file a complete annual tax performance
9 report with the department under RCW 82.32.534, and include a
10 certification that the qualifying projects met the requirements of
11 this section for the year in which the exemption is given. Every
12 person receiving the benefit of the exemption under subsection (1) of
13 this section must preserve, for a period of five years, any
14 documentation to substantiate the amount of the exemption received.

15 (6) The definitions in this subsection apply throughout this
16 section unless the context clearly requires otherwise.

17 (a) "Commercial motor vehicles" has the same meaning as in RCW
18 46.25.010.

19 (b) "Compression" means compressing a gas, or a gas compressed,
20 to a pressure above ambient atmospheric pressure for processing,
21 storage, or transportation.

22 (c) "Green electrolytic hydrogen" has the same meaning as
23 provided in RCW 82.89.010.

24 (d) "Nonemitting electric generation" has the same meaning as in
25 RCW 19.405.020.

26 (e) "Qualifying activities" means the green electrolytic hydrogen
27 production process, the renewable hydrogen production process, and
28 the compression, liquification, storage, or dispensing of green
29 electrolytic hydrogen or renewable hydrogen.

30 (f) "Qualifying business" means a business using electricity in
31 qualifying activities where at least 60 percent of the hydrogen is
32 used in one or more qualifying projects.

33 (g) "Qualifying projects" means one or more of the following
34 prioritized uses:

35 (i) High heat industrial processes using hydrogen as a fuel and
36 industrial processes using hydrogen as feedstock, including refining
37 and fertilizer production;

38 (ii) Fuel for commercial motor vehicles, aviation, maritime
39 transportation, drayage, mass transit, rail, or off-road agricultural
40 or industrial equipment;

1 (iii) Generation of electricity using a hydrogen fuel cell or
2 using a combustion turbine operating no more than 500 hours per year;
3 or

4 (iv) Production of a green hydrogen carrier if the green hydrogen
5 carrier is used in one or more of the prioritized uses in (g)(i),
6 (ii), or (iii) of this subsection (6). For the purposes of this
7 subsection (6)(g)(iv), "green hydrogen carrier" has the same meaning
8 as provided in RCW 82.89.010.

9 (h) "Renewable hydrogen" means hydrogen produced using renewable
10 resources both as the source for the hydrogen and the source for the
11 energy input into the production process.

12 (i) "Renewable resource" has the same meaning as in RCW
13 19.405.020.

14 (7) This section expires January 1, 2035.

15 NEW SECTION. **Sec. 2.** RCW 82.32.808 does not apply to this act.

16 NEW SECTION. **Sec. 3.** This act takes effect October 1, 2024."

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17 On page 1, line 2 of the title, after "tax;" strike the remainder
18 of the title and insert "adding a new section to chapter 82.16 RCW;
19 creating a new section; providing an effective date; and providing an
20 expiration date."

EFFECT: Updates the dates in the bill.

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