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**SUBSTITUTE SENATE BILL 6062**

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**State of Washington**

**56th Legislature**

**2000 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Gardner, Spanel, West and Oke)

Read first time 02/24/2000.

1 AN ACT Relating to a sales and use tax deferral for natural gas-  
2 fired energy generating facilities sited in rural areas; adding a new  
3 chapter to Title 82 RCW; providing an effective date; and providing an  
4 expiration date.

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

6 NEW SECTION. **Sec. 1.** (1)(a) The owner of a qualifying generating  
7 facility may apply for deferral of taxes on the construction of a  
8 generating facility sited in a rural area.

9 (b) The deferral covers site preparation and construction of the  
10 facility and the acquisition and installation of equipment necessary  
11 and integral to the operation of the facility. The deferral does not  
12 cover ongoing maintenance or operation.

13 (c) The deferral does not cover equipment or structures located  
14 off-site and used to transport natural gas nor does it include  
15 equipment or structures located off-site and used to distribute  
16 electricity.

17 (2) Application shall be made to the department in a form and  
18 manner prescribed by the department. Application must be made before  
19 initiation of the construction of the facility or acquisition of

1 equipment. The application shall contain information regarding the  
2 location of the facility, estimated or actual costs, time schedules for  
3 completion and operation, and other information required by the  
4 department. The department shall rule on the application within sixty  
5 days.

6 (3) The department shall issue a sales and use tax deferral  
7 certificate to the owner for state and local sales and use taxes due  
8 under chapters 82.08, 82.12, and 82.14 RCW and deferred under this  
9 section.

10 (4) The debt for deferred taxes is not extinguished by insolvency  
11 or other failure of the owner.

12 (5) As used in this section:

13 (a) "Equipment" means the gas powered turbines, and any equipment  
14 related to the exclusive support of the generation of electricity at  
15 the site. The term does not include equipment used by personnel for  
16 administrative functions, such as furniture, filing cabinets, or  
17 computers nor does it include property with a useful life of less than  
18 one year, such as consumables, supplies, and single-use items.

19 (b) "Generating facility" means a natural gas-fired combined cycle  
20 electrical generating facility of at least six hundred megawatts owned  
21 by a person subject to tax under Title 84 RCW and not selling  
22 electricity directly to consumers. The facility includes structures  
23 that house, support, contain, or steady equipment essential to the  
24 generation of electricity, as well as structures used by personnel to  
25 provide exclusive support to the facility. It does not include  
26 structures, or parts of structures, used for administrative or sales  
27 functions.

28 (c) "Rural area" means a county with a population density of fewer  
29 than one hundred persons per square mile as determined annually by the  
30 office of financial management and published by the department of  
31 revenue effective for the period July 1st through June 30th.

32 (d) "Acquisition of equipment" means the equipment is under the  
33 dominion and control of the recipient.

34 NEW SECTION. **Sec. 2.** (1) Except as provided in subsection (2) of  
35 this section, taxes deferred under this chapter need not be repaid.

36 (2) If, on the basis of a report under section 3 of this act or  
37 other information, the department finds that a facility is no longer  
38 used for the generation of electricity or if it is sold or otherwise

1 transferred to any person such that the facility would not meet all the  
2 qualifications under section 1 of this act, at any time during the  
3 calendar year in which the facility is certified by the department as  
4 having been operationally completed, or at any time during any of the  
5 seven succeeding calendar years, that portion of the outstanding  
6 deferred taxes shall be immediately due according to the following  
7 repayment schedule.

8	Year in which facility becomes	Percent of deferred taxes due
9	ineligible for deferral	
10	1	100 percent
11	2	87.5 percent
12	3	75 percent
13	4	62.5 percent
14	5	50 percent
15	6	37.5 percent
16	7	25 percent
17	8	12.5 percent

18 The department shall assess interest at the rate provided for  
19 delinquent taxes, but not penalties, retroactively to the date of  
20 deferral.

21 NEW SECTION. **Sec. 3.** Each recipient of a deferral granted under  
22 this chapter shall submit a report to the department on December 31st  
23 of the year in which the facility is certified by the department as  
24 having been operationally completed, and on December 31st of each of  
25 the seven succeeding calendar years. The report shall contain  
26 information, as required by the department, from which the department  
27 may determine whether the recipient is meeting the requirements of this  
28 chapter. If the recipient fails to submit a report or submits an  
29 inadequate report, the department may declare the amount of deferred  
30 taxes outstanding to be immediately assessed and payable.

31 NEW SECTION. **Sec. 4.** This chapter expires July 1, 2002.

32 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act constitute  
33 a new chapter in Title 82 RCW.

1      NEW SECTION.    **Sec. 6.**    This act takes effect July 1, 2000.

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