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HOUSE BILL 2518

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State of Washington                      58th Legislature                      2004 Regular Session

By Representatives Kirby, Conway, Morris, Holmquist and Hinkle

Read first time 01/15/2004.      Referred to Committee on Technology,  
Telecommunications & Energy.

1            AN ACT Relating to exempting from the state public utility tax the  
2 sales of electricity to an electrolytic processing business; adding a  
3 new section to chapter 82.16 RCW; and declaring an emergency.

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

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

7            (1) For the purposes of this section:

8            (a) "Chlor-alkali electrolytic processing business" means a person  
9 who is engaged in a business that uses more than ten average megawatts  
10 of electricity per month in a chlor-alkali electrolytic process to  
11 split the electrochemical bonds of sodium chloride and water to make  
12 chlorine and sodium hydroxide. A "chlor-alkali electrolytic processing  
13 business" does not include direct service industrial customers or their  
14 subsidiaries that contract for the purchase of power from the  
15 Bonneville power administration as of the effective date of this  
16 section.

17            (b) "Sodium chlorate electrolytic processing business" means a  
18 person who is engaged in a business that uses more than ten average  
19 megawatts of electricity per month in a sodium chlorate electrolytic

1 process to split the electrochemical bonds of sodium chloride and water  
2 to make sodium chlorate and hydrogen. A "sodium chlorate electrolytic  
3 processing business" does not include direct service industrial  
4 customers or their subsidiaries that contract for the purchase of power  
5 from the Bonneville power administration as of the effective date of  
6 this section.

7 (2) Effective July 1, 2004, the tax levied under this chapter does  
8 not apply to sales of electricity made by a light and power business to  
9 a chlor-alkali electrolytic processing business or a sodium chlorate  
10 electrolytic processing business for the electrolytic process if the  
11 contract for sale of electricity to the business contains the following  
12 terms:

13 (a) The electricity to be used in the electrolytic process is  
14 separately metered from the electricity used for general operations of  
15 the business;

16 (b) The price charged for the electricity used in the electrolytic  
17 process will be reduced by an amount equal to the tax exemption  
18 available to the light and power business under this section; and

19 (c) Disallowance of all or part of the exemption under this section  
20 is a breach of contract and the damages to be paid by the chlor-alkali  
21 electrolytic processing business or the sodium chlorate electrolytic  
22 processing business are the amount of the tax exemption disallowed.

23 (3) The exemption provided for in this section does not apply to  
24 amounts received from the remarketing or resale of electricity  
25 originally obtained by contract for the electrolytic process.

26 (4) In order to claim an exemption under this section, the  
27 chlor-alkali electrolytic processing business or the sodium chlorate  
28 electrolytic processing business must provide the light and power  
29 business with an exemption certificate in a form and manner prescribed  
30 by the department.

31 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
32 preservation of the public peace, health, or safety, or support of the  
33 state government and its existing public institutions, and takes effect  
34 immediately.

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