

SSB 5101 - H COMM AMD
By Committee on Finance

ADOPTED AS AMENDED 04/13/2005

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that the use of
4 renewable energy resources generated from local sources such as solar
5 and wind power benefit our state by reducing the load on the state's
6 electric energy grid, by providing nonpolluting sources of electricity
7 generation, and by the creation of jobs for local industries that
8 develop and sell renewable energy products and technologies.

9 The legislature finds that Washington state has become a national
10 and international leader in the technologies related to the solar
11 electric markets. The state can support these industries by providing
12 incentives for the purchase of locally made renewable energy products.
13 Locally made renewable technologies benefit and protect the state's
14 environment. The legislature also finds that the state's economy can
15 be enhanced through the creation of incentives to develop additional
16 renewable energy industries in the state.

17 The legislature intends to provide incentives for the greater use
18 of locally created renewable energy technologies, support and retain
19 existing local industries, and create new opportunities for renewable
20 energy industries to develop in Washington state.

21 NEW SECTION. **Sec. 2.** The definitions in this section apply
22 throughout this chapter unless the context clearly requires otherwise.

23 (1) "Customer-generated electricity" means the alternating current
24 electricity that is generated from a renewable energy system located on
25 an individual's, businesses', or local government's real property that
26 is also provided electricity generated by a light and power business.
27 A system located on a leasehold interest does not qualify under this
28 definition. "Customer-generated electricity" does not include

1 electricity generated by a light and power business with greater than
2 one thousand megawatt hours of annual sales or a gas distribution
3 business.

4 (2) "Economic development kilowatt-hour" means the actual kilowatt-
5 hour measurement of customer-generated electricity multiplied by the
6 appropriate economic development factor.

7 (3) "Photovoltaic cell" means a device that converts light directly
8 into electricity without moving parts.

9 (4) "Renewable energy system" means a solar energy system, an
10 anaerobic digester as defined in RCW 82.08.900, or a wind generator
11 used for producing electricity.

12 (5) "Solar energy system" means any device or combination of
13 devices or elements that rely upon direct sunlight as an energy source
14 for use in the generation of electricity.

15 (6) "Solar inverter" means the device used to convert direct
16 current to alternating current in a photovoltaic cell system.

17 (7) "Solar module" means the smallest nondivisible self-contained
18 physical structure housing interconnected photovoltaic cells and
19 providing a single direct current electrical output.

20 (8) "Standards for interconnection to the electric distribution
21 system" means technical, engineering, operational, safety, and
22 procedural requirements for interconnection to the electric
23 distribution system of a light and power business.

24 NEW SECTION. **Sec. 3.** (1) Any individual, business, or local
25 governmental entity, not in the light and power business or in the gas
26 distribution business, may apply to the light and power business
27 serving the situs of the system, each fiscal year beginning on July 1,
28 2005, for an investment cost recovery incentive for each kilowatt-hour
29 from a customer-generated electricity renewable energy system installed
30 on its property that is not interconnected to the electric distribution
31 system. No incentive may be paid for kilowatt-hours generated before
32 July 1, 2005, or after June 30, 2014.

33 (2) When light and power businesses serving eighty percent of the
34 total customer load in the state adopt uniform standards for
35 interconnection to the electric distribution system, any individual,
36 business, or local governmental entity, not in the light and power
37 business or in the gas distribution business, may apply to the light

1 and power business serving the situs of the system, each fiscal year,
2 for an investment cost recovery incentive for each kilowatt-hour from
3 a customer-generated electricity renewable energy system installed on
4 its property that is not interconnected to the electric distribution
5 system and from a customer-generated electricity renewable energy
6 system installed on its property that is interconnected to the electric
7 distribution system. Uniform standards for interconnection to the
8 electric distribution system means those standards established by light
9 and power businesses that have ninety percent of total requirements the
10 same. No incentive may be paid for kilowatt-hours generated before
11 July 1, 2005, or after June 30, 2014.

12 (3)(a) Before submitting for the first time the application for the
13 incentive allowed under this section, the applicant shall submit to the
14 department of revenue and to the climate and rural energy development
15 center at the Washington State University, established under RCW
16 28B.30.642, a certification in a form and manner prescribed by the
17 department that includes, but is not limited to, the following
18 information:

19 (i) The name and address of the applicant and location of the
20 renewable energy system;

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

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

25 (A) Any solar inverters and solar modules manufactured in
26 Washington state;

27 (B) A wind generator powered by blades manufactured in Washington
28 state;

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

30 (D) A solar module manufactured in Washington state; or

31 (E) Solar or wind equipment manufactured outside of Washington
32 state;

33 (iv) That the electricity can be transformed or transmitted for
34 entry into or operation in parallel with electricity transmission and
35 distribution systems;

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

1 (b) Within thirty days of receipt of the certification the
2 department of revenue shall advise the applicant in writing whether the
3 renewable energy system qualifies for an incentive under this section.
4 The department may consult with the climate and rural energy
5 development center to determine eligibility for the incentive. System
6 certifications and the information contained therein are subject to
7 disclosure under RCW 82.32.330(3)(m).

8 (4)(a) By August 1st of each year application for the incentive
9 shall be made to the light and power business serving the situs of the
10 system by certification in a form and manner prescribed by the
11 department that includes, but is not limited to, the following
12 information:

13 (i) The name and address of the applicant and location of the
14 renewable energy system;

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

16 (iii) The date of the letter from the department of revenue stating
17 that the renewable energy system is eligible for the incentives under
18 this section;

19 (iv) A statement of the amount of kilowatt-hours generated by the
20 renewable energy system in the prior fiscal year.

21 (b) Within sixty days of receipt of the incentive certification the
22 light and power business serving the situs of the system shall notify
23 the applicant in writing whether the incentive payment will be
24 authorized or denied. The business may consult with the climate and
25 rural energy development center to determine eligibility for the
26 incentive payment. Incentive certifications and the information
27 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

28 (c)(i) Persons receiving incentive payments shall keep and
29 preserve, for a period of five years, suitable records as may be
30 necessary to determine the amount of incentive applied for and
31 received. Such records shall be open for examination at any time upon
32 notice by the light and power business that made the payment or by the
33 department. If upon examination of any records or from other
34 information obtained by the business or department it appears that an
35 incentive has been paid in an amount that exceeds the correct amount of
36 incentive payable, the business may assess against the person for the
37 amount found to have been paid in excess of the correct amount of

1 incentive payable and shall add thereto interest on the amount.
2 Interest shall be assessed in the manner that the department assesses
3 interest upon delinquent tax under RCW 82.32.050.

4 (ii) If it appears that the amount of incentive paid is less than
5 the correct amount of incentive payable the business may authorize
6 additional payment.

7 (5) The investment cost recovery incentive may be paid fifteen
8 cents per economic development kilowatt-hour unless requests exceed the
9 amount authorized for credit to the participating light and power
10 business. For the purposes of this section, the rate paid for the
11 investment cost recovery incentive may be multiplied by the following
12 factors:

13 (a) For customer-generated electricity produced using solar modules
14 manufactured in Washington state, two and four-tenths;

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

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

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

23 (6) No individual, household, business, or local governmental
24 entity is eligible for incentives for more than two thousand dollars
25 per year.

26 (7) If requests for the investment cost recovery incentive exceed
27 the amount of funds available for credit to the participating light and
28 power business, the incentive payments shall be reduced
29 proportionately.

30 (8) The climate and rural energy development center at Washington
31 State University energy program may establish guidelines and standards
32 for technologies that are identified as Washington manufactured and
33 therefore most beneficial to the state's environment.

34 (9) The environmental attributes of the renewable energy system
35 belong to the applicant, and do not transfer to the state or the light
36 and power business upon receipt of the investment cost recovery
37 incentive.

1 NEW SECTION. **Sec. 4.** (1) A light and power business shall be
2 allowed a credit against taxes due under this chapter in an amount
3 equal to investment cost recovery incentive payments made in any fiscal
4 year under section 3 of this act. The credit shall be taken in a form
5 and manner as required by the department. The credit under this
6 section for the fiscal year shall not exceed twenty-five one-hundredths
7 of one percent of the businesses' taxable power sales due under RCW
8 82.16.020(1)(b) or twenty-five thousand dollars, whichever is greater.
9 The credit may not exceed the tax that would otherwise be due under
10 this chapter. Refunds shall not be granted in the place of credits.
11 Expenditures not used to earn a credit in one fiscal year may not be
12 used to earn a credit in subsequent years.

13 (2) For any business that has claimed credit for amounts that
14 exceed the correct amount of the incentive payable under section 3 of
15 this act, the amount of tax against which credit was claimed for the
16 excess payments shall be immediately due and payable. The department
17 shall assess interest but not penalties on the taxes against which the
18 credit was claimed. Interest shall be assessed at the rate provided
19 for delinquent excise taxes under chapter 82.32 RCW, retroactively to
20 the date the credit was claimed, and shall accrue until the taxes
21 against which the credit was claimed are repaid.

22 (3) The right to earn tax credits under this section expires June
23 30, 2015. Credits may not be claimed after June 30, 2016.

24 NEW SECTION. **Sec. 5.** (1) Using existing sources of information,
25 the department shall report to the house appropriations committee, the
26 house committee dealing with energy issues, the senate committee on
27 ways and means, and the senate committee dealing with energy issues by
28 December 1, 2009. The report shall measure the impacts of this act,
29 including the total number of solar energy system manufacturing
30 companies in the state, any change in the number of solar energy system
31 manufacturing companies in the state, and, where relevant, the effect
32 on job creation, the number of jobs created for Washington residents,
33 and such other factors as the department selects.

34 (2) The department shall not conduct any new surveys to provide the
35 report in subsection (1) of this section.

1 NEW SECTION. **Sec. 6.** If specific funding for the purposes of this
2 act, referencing this act by bill or chapter number, is not provided by
3 June 30, 2005, in the omnibus appropriations act, this act is null and
4 void.

5 NEW SECTION. **Sec. 7.** Sections 2 through 5 of this act are each
6 added to chapter 82.16 RCW.

7 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of the
9 state government and its existing public institutions, and takes effect
10 July 1, 2005."

11 Correct the title.

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