

HOUSE BILL REPORT

E2SSB 6111

As Reported by House Committee On:
Finance

Title: An act relating to generating electricity from tidal and wave energy.

Brief Description: Concerning generating electricity from tidal and wave energy.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Poulsen, Jacobsen and Tom).

Brief History:

Committee Activity:

Finance: 3/3/08 [DPA].

Brief Summary of Engrossed Second Substitute Bill
(As Amended by House Committee)

- Concerning generating electricity from tidal and wave energy.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Minority Report: Without recommendation. Signed by 1 member: Representative Condotta, Assistant Ranking Minority Member.

Staff: Don Taylor (786-7388).

Background:

Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Examples of such instances include purchases made in other states and purchases from sellers who do not collect Washington sales tax. Sales and use taxes are levied by the state, counties, and cities. Rates vary between 7

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and 8.9 percent, depending on the location in the state. Use tax is paid directly to the Department of Revenue (DOR).

Under current law there is an exemption from the retail sales and use taxes for machinery and equipment used directly to generate at least 200 watts of electricity using wind or solar energy, landfill gas, or fuel cells as a power source. Current law also provides a tax deduction for production costs of energy produced by energy production facilities using renewable resources.

Summary of Amended Bill:

The Department of Ecology is directed to convene a work group to review issues related to siting and operation of tidal and wave energy facilities. Various state agencies, private firms engaged in developing these facilities and related industry associations, university researchers, the NW Indian Fisheries Commission, an electrical utility, and a local government entity shall comprise the stakeholder group. The review shall include state and federal regulatory requirements, environmental analysis of tidal and wave energy technologies, and existing or new state policies relating to these facilities. The report of the work group is due by the end of 2008.

Amended Bill Compared to Engrossed Second Substitute Bill:

The sales and use tax exemptions for tidal or wave energy devices were removed. The public utility tax deduction for costs of producing electrical energy from tidal or wave energy devices was removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The energy produced by tidal and wave energy devices is the epitome of renewal energy resources. The state needs to encourage the development of this emerging technology. The Snohomish County Public Utility District has identified seven sites to investigate the potential of this new technology and are in the process of applying to the Federal Energy Resources Commission for permits. If any of these projects go forward, it will take at least until 2012 until a pilot project would be operational. A commercial project would require an even longer time frame.

(Opposed) None.

Persons Testifying: Senator Hobbs, prime sponsor; and Dave Arbaugh, Snohomish County Public Utility Districts.

Persons Signed In To Testify But Not Testifying: None.