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SECOND SUBSTITUTE SENATE BILL 5475

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State of Washington

65th Legislature

2017 Regular Session

**By** Senate Ways & Means (originally sponsored by Senators Brown, Baumgartner, Rivers, Takko, King, Sheldon, Bailey, Ericksen, Angel, Honeyford, Miloscia, Becker, Braun, Hobbs, and Schoesler)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to providing a business and occupation tax  
2 exemption for manufacturers of small modular reactors; adding a new  
3 section to chapter 82.04 RCW; creating a new section; and providing  
4 an effective date.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference  
7 performance statement for the tax preference contained in section 2  
8 of this act. This performance statement is only intended to be used  
9 for subsequent evaluation of the tax preference. It is not intended  
10 to create a private right of action by any party or be used to  
11 determine eligibility for preferential tax treatment.

12 (2) The legislature categorizes this tax preference as one  
13 intended to create or retain jobs, as indicated in RCW  
14 82.32.808(2)(c).

15 (3) It is the legislature's specific public policy objective to  
16 retain or increase the number of jobs in the small modular reactor  
17 industry in Washington. It is the legislature's intent to exempt from  
18 the tax levied by RCW 82.04.240, 82.04.250, and 82.04.270, the  
19 manufacture or sale at wholesale or retail of small modular reactors,  
20 thereby increasing the ability of such firms to invest in and expand

1 their Washington operations, thereby increasing the number of jobs in  
2 the small modular reactor industry in Washington.

3 (4) If a review finds that the number of jobs in the small  
4 modular reactor industry in Washington has increased by ten percent  
5 compared to the number of those jobs at the time of enactment, then  
6 the legislature intends to extend the expiration date of the tax  
7 preference.

8 (5) In order to obtain the data necessary to perform the review  
9 in subsection (4) of this section, the joint legislative audit and  
10 review committee may refer to:

11 (a) The annual survey that a taxpayer reporting under the tax  
12 rate provided in section 2 of this act must file with the department  
13 of revenue per RCW 82.32.585; and

14 (b) Employment data available from the employment security  
15 department.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04  
17 RCW to read as follows:

18 (1) This chapter does not apply to any person engaging within  
19 this state in the business of (a) manufacturing small modular  
20 reactors, or (b) making sales at wholesale or retail of small modular  
21 reactors manufactured by that person.

22 (2) For the purposes of this section, "small modular reactor"  
23 means a scalable nuclear power plant using reactors that each have a  
24 gross power output no greater than three hundred megawatts electric,  
25 and where each reactor is designed for factory manufacturing and ease  
26 of transport, such as by truck, rail, or barge.

27 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2017.

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