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SENATE BILL 6631

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State of Washington

65th Legislature

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By Senators Brown, Ericksen, Bailey, Honeyford, Wilson, Short, Wagoner, Becker, Fain, Sheldon, King, Walsh, Fortunato, Baumgartner, Warnick, Rivers, and Braun

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1 AN ACT Relating to promoting small modular reactors in  
2 Washington; amending RCW 19.29A.090, 19.285.030, 43.21F.025,  
3 43.21F.088, 80.52.030, 82.85.010, 82.85.020, 82.85.030, 82.85.040,  
4 82.85.050, and 82.85.080; reenacting and amending RCW 19.29A.010,  
5 19.280.020, and 80.50.020; adding a new section to chapter 80.50 RCW;  
6 adding a new section to chapter 82.04 RCW; creating a new section;  
7 and providing expiration dates.

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

9 **Sec. 1.** RCW 19.29A.010 and 2015 c 285 s 1 are each reenacted and  
10 amended to read as follows:

11 The definitions in this section apply throughout this chapter  
12 unless the context clearly requires otherwise.

13 (1) "Biomass generation" means electricity derived from burning  
14 solid organic fuels from wood, forest, or field residue, or dedicated  
15 energy crops that do not include wood pieces that have been treated  
16 with chemical preservatives such as creosote, pentachlorophenol, or  
17 copper-chrome-arsenic.

18 (2) "Bonneville power administration system mix" means a  
19 generation mix sold by the Bonneville power administration that is  
20 net of any resource specific sales and that is net of any electricity  
21 sold to direct service industrial customers, as defined in section

1 3(8) of the Pacific Northwest electric power planning and  
2 conservation act (16 U.S.C. Sec. 839(a)(8)).

3 (3) "Coal generation" means the electricity produced by a  
4 generating facility that burns coal as the primary fuel source.

5 (4) "Commission" means the utilities and transportation  
6 commission.

7 (5) "Conservation" means an increase in efficiency in the use of  
8 energy use that yields a decrease in energy consumption while  
9 providing the same or higher levels of service. Conservation includes  
10 low-income weatherization programs.

11 (6) "Consumer-owned utility" means a municipal electric utility  
12 formed under Title 35 RCW, a public utility district formed under  
13 Title 54 RCW, an irrigation district formed under chapter 87.03 RCW,  
14 a cooperative formed under chapter 23.86 RCW, or a mutual corporation  
15 or association formed under chapter 24.06 RCW, that is engaged in the  
16 business of distributing electricity to more than one retail electric  
17 customer in the state.

18 (7) "Declared resource" means an electricity source specifically  
19 identified by a retail supplier to serve retail electric customers. A  
20 declared resource includes a stated quantity of electricity tied  
21 directly to a specified generation facility or set of facilities  
22 either through ownership or contract purchase, or a contractual right  
23 to a stated quantity of electricity from a specified generation  
24 facility or set of facilities.

25 (8) "Department" means the department of commerce.

26 (9) "Electric meters in service" means those meters that record  
27 in at least nine of twelve calendar months in any calendar year not  
28 less than two hundred fifty kilowatt-hours per month.

29 (10) "Electric utility" means a consumer-owned or investor-owned  
30 utility as defined in this section.

31 (11) "Electricity" means electric energy measured in kilowatt-  
32 hours, or electric capacity measured in kilowatts, or both.

33 (12) "Electricity information coordinator" means the organization  
34 selected by the department under RCW 19.29A.080 to: (a) Compile  
35 generation data in the Northwest power pool by generating project and  
36 by resource category; (b) compare the quantity of electricity from  
37 declared resources reported by retail suppliers with available  
38 generation from such resources; (c) calculate the net system power  
39 mix; and (d) coordinate with other comparable organizations in the  
40 western interconnection.

1 (13) "Electricity product" means the electrical energy produced  
2 by a generating facility or facilities that a retail supplier sells  
3 or offers to sell to retail electric customers in the state of  
4 Washington, provided that nothing in this title (~~shall~~) may be  
5 construed to mean that electricity is a good or product for the  
6 purposes of Title 62A RCW, or any other purpose. It does not include  
7 electrical energy generated on-site at a retail electric customer's  
8 premises.

9 (14) "Fuel mix" means the actual or imputed sources of  
10 electricity sold to retail electric customers, expressed in terms of  
11 percentage contribution by resource category. The total fuel mix  
12 included in each disclosure (~~shall~~) must total one hundred percent.

13 (15) "Geothermal generation" means electricity derived from  
14 thermal energy naturally produced within the earth.

15 (16) "Governing body" means the council of a city or town, the  
16 commissioners of an irrigation district, municipal electric utility,  
17 or public utility district, or the board of directors of an electric  
18 cooperative or mutual association that has the authority to set and  
19 approve rates.

20 (17) "High efficiency cogeneration" means electricity produced by  
21 equipment, such as heat or steam used for industrial, commercial,  
22 heating, or cooling purposes, that meets the federal energy  
23 regulatory commission standards for qualifying facilities under the  
24 public utility regulatory policies act of 1978.

25 (18) "Hydroelectric generation" means a power source created when  
26 water flows from a higher elevation to a lower elevation and the flow  
27 is converted to electricity in one or more generators at a single  
28 facility.

29 (19) "Investor-owned utility" means a company owned by investors  
30 that meets the definition of RCW 80.04.010 and is engaged in  
31 distributing electricity to more than one retail electric customer in  
32 the state.

33 (20) "Landfill gas generation" means electricity produced by a  
34 generating facility that uses waste gases produced by the  
35 decomposition of organic materials in landfills.

36 (21) "Natural gas generation" means electricity produced by a  
37 generating facility that burns natural gas as the primary fuel  
38 source.

39 (22) "Net system power mix" means the fuel mix in the Northwest  
40 power pool, net of: (a) Any declared resources in the Northwest power

1 pool identified by in-state retail suppliers or out-of-state entities  
2 that offer electricity for sale to retail electric customers; (b) any  
3 electricity sold by the Bonneville power administration to direct  
4 service industrial customers; and (c) any resource specific sales  
5 made by the Bonneville power administration.

6 (23) "Northwest power pool" means the generating resources  
7 included in the United States portion of the Northwest power pool  
8 area as defined by the western systems coordinating council.

9 (24) "Oil generation" means electricity produced by a generating  
10 facility that burns oil as the primary fuel source.

11 (25) "Private customer information" includes a retail electric  
12 customer's name, address, telephone number, and other personally  
13 identifying information.

14 (26) "Proprietary customer information" means: (a) Information  
15 that relates to the source, technical configuration, destination, and  
16 amount of electricity used by a retail electric customer, a retail  
17 electric customer's payment history, and household data that is made  
18 available by the customer solely by virtue of the utility-customer  
19 relationship; and (b) information contained in a retail electric  
20 customer's bill.

21 (27) "Renewable resources" means electricity generation from a  
22 small modular reactor, or facilities fueled by: (a) Water; (b) wind;  
23 (c) solar energy; (d) geothermal energy; (e) landfill gas; or (f)  
24 biomass energy based on solid organic fuels from wood, forest, or  
25 field residues, or dedicated energy crops that do not include wood  
26 pieces that have been treated with chemical preservatives such as  
27 creosote, pentachlorophenol, or copper-chrome-arsenic.

28 (28) "Resale" means the purchase and subsequent sale of  
29 electricity for profit, but does not include the purchase and the  
30 subsequent sale of electricity at the same rate at which the  
31 electricity was purchased.

32 (29) "Retail electric customer" means a person or entity that  
33 purchases electricity for ultimate consumption and not for resale.

34 (30) "Retail supplier" means an electric utility that offers an  
35 electricity product for sale to retail electric customers in the  
36 state.

37 (31) "Small modular reactor" means a scalable nuclear power plant  
38 using reactors that each have a gross power output no greater than  
39 three hundred megawatts electric, and where each reactor is designed

1 for factory manufacturing and ease of transport, such as by truck,  
2 rail, or barge.

3 (32) "Small utility" means any consumer-owned utility with  
4 twenty-five thousand or fewer electric meters in service, or that has  
5 an average of seven or fewer customers per mile of distribution line.

6 ~~((+32+))~~ (33) "Solar generation" means electricity derived from  
7 radiation from the sun that is directly or indirectly converted to  
8 electrical energy.

9 ~~((+33+))~~ (34) "State" means the state of Washington.

10 ~~((+34+))~~ (35) "Waste incineration generation" means electricity  
11 derived from burning solid or liquid wastes from businesses,  
12 households, municipalities, or waste treatment operations.

13 ~~((+35+))~~ (36) "Wind generation" means electricity created by  
14 movement of air that is converted to electrical energy.

15 **Sec. 2.** RCW 19.29A.090 and 2014 c 129 s 1 are each amended to  
16 read as follows:

17 (1) Beginning January 1, 2002, each electric utility must provide  
18 to its retail electricity customers a voluntary option to purchase  
19 qualified alternative energy resources in accordance with this  
20 section.

21 (2) Each electric utility must include with its retail electric  
22 customer's regular billing statements, at least quarterly, a  
23 voluntary option to purchase qualified alternative energy resources.  
24 The option may allow customers to purchase qualified alternative  
25 energy resources at fixed or variable rates and for fixed or variable  
26 periods of time, including but not limited to monthly, quarterly, or  
27 annual purchase agreements. A utility may provide qualified  
28 alternative energy resource options through either: (a) Resources it  
29 owns or contracts for; or (b) the purchase of credits issued by a  
30 clearinghouse or other system by which the utility may secure, for  
31 trade or other consideration, verifiable evidence that a second party  
32 has a qualified alternative energy resource and that the second party  
33 agrees to transfer such evidence exclusively to the benefit of the  
34 utility.

35 (3) For the purposes of this section, a "qualified alternative  
36 energy resource" means the electricity or thermal energy produced  
37 from a small modular reactor, or generation facilities that are  
38 fueled by: (a) Wind; (b) solar energy; (c) geothermal energy; (d)  
39 landfill gas; (e) wave or tidal action; (f) gas produced during the

1 treatment of wastewater; (g) qualified hydropower; or (h) biomass  
2 energy based on animal waste or solid or liquid organic fuels from  
3 wood, forest, or field residues, or dedicated energy crops that do  
4 not include wood pieces that have been treated with chemical  
5 preservatives such as creosote, pentachlorophenol, or  
6 copper-chrome-arsenic.

7 (4) For the purposes of this section, "qualified hydropower"  
8 means the energy produced either: (a) As a result of modernizations  
9 or upgrades made after June 1, 1998, to hydropower facilities  
10 operating on May 8, 2001, that have been demonstrated to reduce the  
11 mortality of anadromous fish; or (b) by run of the river or run of  
12 the canal hydropower facilities that are not responsible for  
13 obstructing the passage of anadromous fish.

14 (5) The rates, terms, conditions, and customer notification of  
15 each utility's option or options offered in accordance with this  
16 section must be approved by the governing body of the consumer-owned  
17 utility or by the commission for investor-owned utilities. All costs  
18 and benefits associated with any option offered by an electric  
19 utility under this section must be allocated to the customers who  
20 voluntarily choose that option and may not be shifted to any  
21 customers who have not chosen such option. Utilities may pursue  
22 known, lawful aggregated purchasing of qualified alternative energy  
23 resources with other utilities to the extent aggregated purchasing  
24 can reduce the unit cost of qualified alternative energy resources,  
25 and are encouraged to investigate opportunities to aggregate the  
26 purchase of alternative energy resources by their customers.  
27 Aggregated purchases by investor-owned utilities must comply with any  
28 applicable rules or policies adopted by the commission related to  
29 least-cost planning or the acquisition of renewable resources.

30 (6) Each consumer-owned utility must maintain and make available  
31 upon request of the department and each investor-owned utility must  
32 maintain and make available upon request of the commission  
33 information describing the option or options it is offering its  
34 customers under the requirements of this section, the rate of  
35 customer participation, the amount of qualified alternative energy  
36 resources purchased by customers, the amount of utility investments  
37 in qualified alternative energy resources, and the results of  
38 pursuing aggregated purchasing opportunities. The department and the  
39 commission (~~shall~~) must report the information to the appropriate  
40 committees of the legislature upon request.

1       **Sec. 3.** RCW 19.280.020 and 2015 3rd sp.s. c 19 s 8 are each  
2 reenacted and amended to read as follows:

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Combined heat and power" means the sequential production of  
6 electricity and useful thermal energy from a common fuel source  
7 where, under normal operating conditions, the facility has a useful  
8 thermal energy output of no less than thirty-three percent of the  
9 total energy output.

10       (2) "Commission" means the utilities and transportation  
11 commission.

12       (3) "Conservation and efficiency resources" means any reduction  
13 in electric power consumption that results from increases in the  
14 efficiency of energy use, production, transmission, or distribution.

15       (4) "Consumer-owned utility" includes a municipal electric  
16 utility formed under Title 35 RCW, a public utility district formed  
17 under Title 54 RCW, an irrigation district formed under chapter 87.03  
18 RCW, a cooperative formed under chapter 23.86 RCW, a mutual  
19 corporation or association formed under chapter 24.06 RCW, a port  
20 district formed under Title 53 RCW, or a water-sewer district formed  
21 under Title 57 RCW, that is engaged in the business of distributing  
22 electricity to one or more retail electric customers in the state.

23       (5) "Department" means the department of commerce.

24       (6) "Electric utility" means a consumer-owned or investor-owned  
25 utility.

26       (7) "Full requirements customer" means an electric utility that  
27 relies on the Bonneville power administration for all power needed to  
28 supply its total load requirement other than that served by  
29 nondispatchable generating resources totaling no more than six  
30 megawatts or renewable resources.

31       (8) "Governing body" means the elected board of directors, city  
32 council, commissioners, or board of any consumer-owned utility.

33       (9) "Integrated resource plan" means an analysis describing the  
34 mix of generating resources, conservation, methods, technologies, and  
35 resources to integrate renewable resources and, where applicable,  
36 address overgeneration events, and efficiency resources that will  
37 meet current and projected needs at the lowest reasonable cost to the  
38 utility and its ratepayers and that complies with the requirements  
39 specified in RCW 19.280.030(1).

1 (10) "Investor-owned utility" means a corporation owned by  
2 investors that meets the definition in RCW 80.04.010 and is engaged  
3 in distributing electricity to more than one retail electric customer  
4 in the state.

5 (11) "Lowest reasonable cost" means the lowest cost mix of  
6 generating resources and conservation and efficiency resources  
7 determined through a detailed and consistent analysis of a wide range  
8 of commercially available resources. At a minimum, this analysis must  
9 consider resource cost, market-volatility risks, demand-side resource  
10 uncertainties, resource dispatchability, resource effect on system  
11 operation, the risks imposed on the utility and its ratepayers,  
12 public policies regarding resource preference adopted by Washington  
13 state or the federal government, and the cost of risks associated  
14 with environmental effects including emissions of carbon dioxide.

15 (12) "Overgeneration event" means an event within an operating  
16 period of a balancing authority when the electricity supply,  
17 including generation from intermittent renewable resources, exceeds  
18 the demand for electricity for that utility's energy delivery  
19 obligations and when there is a negatively priced regional market.

20 (13) "Plan" means either an "integrated resource plan" or a  
21 "resource plan."

22 (14) "Renewable resources" means electricity generation  
23 facilities fueled by: (a) Water; (b) wind; (c) solar energy; (d)  
24 geothermal energy; (e) landfill gas; (f) biomass energy utilizing  
25 animal waste, solid or liquid organic fuels from wood, forest, or  
26 field residues or dedicated energy crops that do not include wood  
27 pieces that have been treated with chemical preservatives such as  
28 creosote, pentachlorophenol, or copper-chrome-arsenic; (g) by-  
29 products of pulping or wood manufacturing processes, including but  
30 not limited to bark, wood chips, sawdust, and lignin in spent pulping  
31 liquors; (h) ocean thermal, wave, or tidal power; ~~((e))~~ (i) gas from  
32 sewage treatment facilities; or (j) a small modular reactor.

33 (15) "Resource plan" means an assessment that estimates  
34 electricity loads and resources over a defined period of time and  
35 complies with the requirements in RCW 19.280.030(2).

36 (16) "Small modular reactor" means a scalable nuclear power plant  
37 using reactors that each have a gross power output no greater than  
38 three hundred megawatts electric, and where each reactor is designed  
39 for factory manufacturing and ease of transport, such as by truck,  
40 rail, or barge.



1       **Sec. 4.** RCW 19.285.030 and 2017 c 315 s 1 are each amended to  
2 read as follows:

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Attorney general" means the Washington state office of the  
6 attorney general.

7       (2) "Auditor" means: (a) The Washington state auditor's office or  
8 its designee for qualifying utilities under its jurisdiction that are  
9 not investor-owned utilities; or (b) an independent auditor selected  
10 by a qualifying utility that is not under the jurisdiction of the  
11 state auditor and is not an investor-owned utility.

12       (3)(a) "Biomass energy" includes: (i) Organic by-products of  
13 pulping and the wood manufacturing process; (ii) animal manure; (iii)  
14 solid organic fuels from wood; (iv) forest or field residues; (v)  
15 untreated wooden demolition or construction debris; (vi) food waste  
16 and food processing residuals; (vii) liquors derived from algae;  
17 (viii) dedicated energy crops; and (ix) yard waste.

18       (b) "Biomass energy" does not include: (i) Wood pieces that have  
19 been treated with chemical preservatives such as creosote,  
20 pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old  
21 growth forests; or (iii) municipal solid waste.

22       (4) "Coal transition power" has the same meaning as defined in  
23 RCW 80.80.010.

24       (5) "Commission" means the Washington state utilities and  
25 transportation commission.

26       (6) "Conservation" means any reduction in electric power  
27 consumption resulting from increases in the efficiency of energy use,  
28 production, or distribution.

29       (7) "Cost-effective" has the same meaning as defined in RCW  
30 80.52.030.

31       (8) "Council" means the Washington state apprenticeship and  
32 training council within the department of labor and industries.

33       (9) "Customer" means a person or entity that purchases  
34 electricity for ultimate consumption and not for resale.

35       (10) "Department" means the department of commerce or its  
36 successor.

37       (11) "Distributed generation" means an eligible renewable  
38 resource where the generation facility or any integrated cluster of  
39 such facilities has a generating capacity of not more than five  
40 megawatts.

1 (12) "Eligible renewable resource" means:

2 (a) Electricity from a generation facility powered by a renewable  
3 resource other than freshwater that commences operation after March  
4 31, 1999, where: (i) The facility is located in the Pacific  
5 Northwest; or (ii) the electricity from the facility is delivered  
6 into Washington state on a real-time basis without shaping, storage,  
7 or integration services;

8 (b) Incremental electricity produced as a result of efficiency  
9 improvements completed after March 31, 1999, to hydroelectric  
10 generation projects owned by a qualifying utility and located in the  
11 Pacific Northwest where the additional generation does not result in  
12 new water diversions or impoundments;

13 (c) Hydroelectric generation from a project completed after March  
14 31, 1999, where the generation facility is located in irrigation  
15 pipes, irrigation canals, water pipes whose primary purpose is for  
16 conveyance of water for municipal use, and wastewater pipes located  
17 in Washington where the generation does not result in new water  
18 diversions or impoundments;

19 (d) Qualified biomass energy;

20 (e) For a qualifying utility that serves customers in other  
21 states, electricity from a generation facility powered by a renewable  
22 resource other than freshwater that commences operation after March  
23 31, 1999, where: (i) The facility is located within a state in which  
24 the qualifying utility serves retail electrical customers; and (ii)  
25 the qualifying utility owns the facility in whole or in part or has a  
26 long-term contract with the facility of at least twelve months or  
27 more; ((~~or~~))

28 (f)(i) Incremental electricity produced as a result of a capital  
29 investment completed after January 1, 2010, that increases, relative  
30 to a baseline level of generation prior to the capital investment,  
31 the amount of electricity generated in a facility that generates  
32 qualified biomass energy as defined under subsection (18)(c)(ii) of  
33 this section and that commenced operation before March 31, 1999.

34 (ii) Beginning January 1, 2007, the facility must demonstrate its  
35 baseline level of generation over a three-year period prior to the  
36 capital investment in order to calculate the amount of incremental  
37 electricity produced.

38 (iii) The facility must demonstrate that the incremental  
39 electricity resulted from the capital investment, which does not

1 include expenditures on operation and maintenance in the normal  
2 course of business, through direct or calculated measurement; or  
3 (g) Electricity from a small modular reactor.

4 (13) "Investor-owned utility" has the same meaning as defined in  
5 RCW 19.29A.010.

6 (14) "Load" means the amount of kilowatt-hours of electricity  
7 delivered in the most recently completed year by a qualifying utility  
8 to its Washington retail customers.

9 (15)(a) "Nonpower attributes" means all environmentally related  
10 characteristics, exclusive of energy, capacity reliability, and other  
11 electrical power service attributes, that are associated with the  
12 generation of electricity from a renewable resource, including but  
13 not limited to the facility's fuel type, geographic location,  
14 vintage, qualification as an eligible renewable resource, and avoided  
15 emissions of pollutants to the air, soil, or water, and avoided  
16 emissions of carbon dioxide and other greenhouse gases.

17 (b) "Nonpower attributes" does not include any aspects, claims,  
18 characteristics, and benefits associated with the on-site capture and  
19 destruction of methane or other greenhouse gases at a facility  
20 through a digester system, landfill gas collection system, or other  
21 mechanism, which may be separately marketable as greenhouse gas  
22 emission reduction credits, offsets, or similar tradable commodities.  
23 However, these separate avoided emissions may not result in or  
24 otherwise have the effect of attributing greenhouse gas emissions to  
25 the electricity.

26 (16) "Pacific Northwest" has the same meaning as defined for the  
27 Bonneville power administration in section 3 of the Pacific Northwest  
28 electric power planning and conservation act (94 Stat. 2698; 16  
29 U.S.C. Sec. 839a).

30 (17) "Public facility" has the same meaning as defined in RCW  
31 39.35C.010.

32 (18) "Qualified biomass energy" means electricity produced from a  
33 biomass energy facility that: (a) Commenced operation before March  
34 31, 1999; (b) contributes to the qualifying utility's load; and (c)  
35 is owned either by: (i) A qualifying utility; or (ii) an industrial  
36 facility that is directly interconnected with electricity facilities  
37 that are owned by a qualifying utility and capable of carrying  
38 electricity at transmission voltage.

39 (19) "Qualifying utility" means an electric utility, as the term  
40 "electric utility" is defined in RCW 19.29A.010, that serves more

1 than twenty-five thousand customers in the state of Washington. The  
2 number of customers served may be based on data reported by a utility  
3 in form 861, "annual electric utility report," filed with the energy  
4 information administration, United States department of energy.

5 (20) "Renewable energy credit" means a tradable certificate of  
6 proof of at least one megawatt-hour of an eligible renewable resource  
7 where the generation facility is not powered by freshwater. The  
8 certificate includes all of the nonpower attributes associated with  
9 that one megawatt-hour of electricity, and the certificate is  
10 verified by a renewable energy credit tracking system selected by the  
11 department.

12 (21) "Renewable resource" means: (a) Water; (b) wind; (c) solar  
13 energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or  
14 tidal power; (g) gas from sewage treatment facilities; (h) biodiesel  
15 fuel as defined in RCW 82.29A.135 that is not derived from crops  
16 raised on land cleared from old growth or first-growth forests where  
17 the clearing occurred after December 7, 2006; ((~~or~~)) (i) biomass  
18 energy; or (j) a small modular reactor.

19 (22) "Rule" means rules adopted by an agency or other entity of  
20 Washington state government to carry out the intent and purposes of  
21 this chapter.

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

27 (24) "Year" means the twelve-month period commencing January 1st  
28 and ending December 31st.

29 **Sec. 5.** RCW 43.21F.025 and 2010 c 271 s 402 are each amended to  
30 read as follows:

31 (1) "Assistant director" means the assistant director of the  
32 department of commerce responsible for energy policy activities;

33 (2) "Department" means the department of commerce;

34 (3) "Director" means the director of the department of commerce;

35 (4) "Distributor" means any person, private corporation,  
36 partnership, individual proprietorship, utility, including investor-  
37 owned utilities, municipal utility, public utility district, joint  
38 operating agency, or cooperative, which engages in or is authorized

1 to engage in the activity of generating, transmitting, or  
2 distributing energy in this state;

3 (5) "Energy" means petroleum or other liquid fuels; natural or  
4 synthetic fuel gas; solid carbonaceous fuels; fissionable nuclear  
5 material; electricity; solar radiation; geothermal resources;  
6 hydropower; organic waste products; wind; tidal activity; any other  
7 substance or process used to produce heat, light, or motion; or the  
8 savings from nongeneration technologies, including conservation or  
9 improved efficiency in the usage of any of the sources described in  
10 this subsection;

11 (6) "Person" means an individual, partnership, joint venture,  
12 private or public corporation, association, firm, public service  
13 company, political subdivision, municipal corporation, government  
14 agency, public utility district, joint operating agency, or any other  
15 entity, public or private, however organized; (~~and~~)

16 (7) "Small modular reactor" means a scalable nuclear power plant  
17 using reactors that each have a gross power output no greater than  
18 three hundred megawatts electric, and where each reactor is designed  
19 for factory manufacturing and ease of transport, such as by truck,  
20 rail, or barge; and

21 (8) "State energy strategy" means the document developed and  
22 updated by the department as allowed in RCW 43.21F.090.

23 **Sec. 6.** RCW 43.21F.088 and 2010 c 271 s 403 are each amended to  
24 read as follows:

25 (1) The state (~~shall~~) must use the following principles to  
26 guide development and implementation of the state's energy strategy  
27 and to meet the goals of RCW 43.21F.010:

28 (a) Pursue all cost-effective energy efficiency and conservation  
29 as the state's preferred energy resource, consistent with state law;

30 (b) Ensure that the state's energy system meets the health,  
31 welfare, and economic needs of its citizens with particular emphasis  
32 on meeting the needs of low-income and vulnerable populations;

33 (c) Maintain and enhance economic competitiveness by ensuring an  
34 affordable and reliable supply of energy resources and by supporting  
35 clean energy technology innovation, including small modular reactors,  
36 access to clean energy markets worldwide, and clean energy business  
37 and workforce development;

38 (d) Reduce dependence on fossil fuel energy sources through  
39 improved efficiency and development of cleaner energy sources, such

1 as bioenergy, low-carbon energy sources, and natural gas, and  
2 leveraging the indigenous resources of the state for the production  
3 of clean energy;

4 (e) Improve efficiency of transportation energy use through  
5 advances in vehicle technology, increased system efficiencies,  
6 development of electricity, biofuels, and other clean fuels, and  
7 regional transportation planning to improve transportation choices;

8 (f) Meet the state's statutory greenhouse gas limits and  
9 environmental requirements as the state develops and uses energy  
10 resources;

11 (g) Build on the advantage provided by the state's clean regional  
12 electrical grid by expanding and integrating additional carbon-free  
13 and carbon-neutral generation, and improving the transmission  
14 capacity serving the state;

15 (h) Make state government a model for energy efficiency, use of  
16 clean and renewable energy, and greenhouse gas-neutral operations;  
17 and

18 (i) Maintain and enhance our state's existing energy  
19 infrastructure.

20 (2) The department (~~(shall)~~) must:

21 (a) During energy shortage emergencies, give priority in the  
22 allocation of energy resources to maintaining the public health,  
23 safety, and welfare of the state's citizens and industry in order to  
24 minimize adverse impacts on their physical, social, and economic  
25 well-being;

26 (b) Develop and disseminate impartial and objective energy  
27 information and analysis, while taking full advantage of the  
28 capabilities of the state's institutions of higher education,  
29 national laboratory, and other organizations with relevant expertise  
30 and analytical capabilities;

31 (c) Actively seek to maximize federal and other nonstate funding  
32 and support to the state for energy efficiency, renewable energy,  
33 emerging energy technologies, and other activities of benefit to the  
34 state's overall energy future; and

35 (d) Monitor the actions of all agencies of the state for  
36 consistent implementation of the state's energy policy including  
37 applicable statutory policies and goals relating to energy supply and  
38 use.

1       **Sec. 7.** RCW 80.50.020 and 2010 c 152 s 1 are each reenacted and  
2 amended to read as follows:

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Alternative energy resource" includes energy facilities of  
6 the following types: (a) Wind; (b) solar energy; (c) geothermal  
7 energy; (d) landfill gas; (e) wave or tidal action; or (f) biomass  
8 energy based on solid organic fuels from wood, forest, or field  
9 residues, or dedicated energy crops that do not include wood pieces  
10 that have been treated with chemical preservatives such as creosote,  
11 pentachlorophenol, or copper-chrome-arsenic.

12       (2) "Applicant" means any person who makes application for a site  
13 certification pursuant to the provisions of this chapter.

14       (3) "Application" means any request for approval of a particular  
15 site or sites filed in accordance with the procedures established  
16 pursuant to this chapter, unless the context otherwise requires.

17       (4) "Associated facilities" means storage, transmission,  
18 handling, or other related and supporting facilities connecting an  
19 energy plant with the existing energy supply, processing, or  
20 distribution system, including, but not limited to, communications,  
21 controls, mobilizing or maintenance equipment, instrumentation, and  
22 other types of ancillary transmission equipment, off-line storage or  
23 venting required for efficient operation or safety of the  
24 transmission system and overhead, and surface or subsurface lines of  
25 physical access for the inspection, maintenance, and safe operations  
26 of the transmission facility and new transmission lines constructed  
27 to operate at nominal voltages of at least 115,000 volts to connect a  
28 thermal power plant or alternative energy facilities to the northwest  
29 power grid. However, common carrier railroads or motor vehicles  
30 (~~shall~~) are not (~~be~~) included.

31       (5) "Biofuel" has the same meaning as defined in RCW 43.325.010.

32       (6) "Certification" means a binding agreement between an  
33 applicant and the state which (~~shall embody~~) embodies compliance to  
34 the siting guidelines, in effect as of the date of certification,  
35 which have been adopted pursuant to RCW 80.50.040 as now or hereafter  
36 amended as conditions to be met prior to or concurrent with the  
37 construction or operation of any energy facility.

38       (7) "Construction" means on-site improvements, excluding  
39 exploratory work, which cost in excess of two hundred fifty thousand  
40 dollars.

1 (8) "Council" means the energy facility site evaluation council  
2 created by RCW 80.50.030.

3 (9) "Counsel for the environment" means an assistant attorney  
4 general or a special assistant attorney general who (~~shall~~)  
5 represents the public in accordance with RCW 80.50.080.

6 (10) "Electrical transmission facilities" means electrical power  
7 lines and related equipment.

8 (11) "Energy facility" means an energy plant or transmission  
9 facilities: PROVIDED, That the following are excluded from the  
10 provisions of this chapter:

11 (a) Facilities for the extraction, conversion, transmission or  
12 storage of water, other than water specifically consumed or  
13 discharged by energy production or conversion for energy purposes;  
14 and

15 (b) Facilities operated by and for the armed services for  
16 military purposes or by other federal authority for the national  
17 defense.

18 (12) "Energy plant" means the following facilities together with  
19 their associated facilities:

20 (a) Any nuclear power facility where the primary purpose is to  
21 produce and sell electricity;

22 (b) Any nonnuclear stationary thermal power plant with generating  
23 capacity of three hundred fifty thousand kilowatts or more, measured  
24 using maximum continuous electric generating capacity, less minimum  
25 auxiliary load, at average ambient temperature and pressure, and  
26 floating thermal power plants of one hundred thousand kilowatts or  
27 more suspended on the surface of water by means of a barge, vessel,  
28 or other floating platform;

29 (c) Facilities which will have the capacity to receive liquefied  
30 natural gas in the equivalent of more than one hundred million  
31 standard cubic feet of natural gas per day, which has been  
32 transported over marine waters;

33 (d) Facilities which will have the capacity to receive more than  
34 an average of fifty thousand barrels per day of crude or refined  
35 petroleum or liquefied petroleum gas which has been or will be  
36 transported over marine waters, except that the provisions of this  
37 chapter (~~shall~~) do not apply to storage facilities unless  
38 occasioned by such new facility construction;

39 (e) Any underground reservoir for receipt and storage of natural  
40 gas as defined in RCW 80.40.010 capable of delivering an average of



1 more than one hundred million standard cubic feet of natural gas per  
2 day; and

3 (f) Facilities capable of processing more than twenty-five  
4 thousand barrels per day of petroleum or biofuel into refined  
5 products except where such biofuel production is undertaken at  
6 existing industrial facilities.

7 (13) "Independent consultants" means those persons who have no  
8 financial interest in the applicant's proposals and who are retained  
9 by the council to evaluate the applicant's proposals, supporting  
10 studies, or to conduct additional studies.

11 (14) "Land use plan" means a comprehensive plan or land use  
12 element thereof adopted by a unit of local government pursuant to  
13 chapter 35.63, 35A.63, 36.70, or 36.70A RCW, or as otherwise  
14 designated by chapter 325, Laws of 2007.

15 (15) "Person" means an individual, partnership, joint venture,  
16 private or public corporation, association, firm, public service  
17 company, political subdivision, municipal corporation, government  
18 agency, public utility district, or any other entity, public or  
19 private, however organized.

20 (16) "Preapplicant" means a person considering applying for a  
21 site certificate agreement for any transmission facility.

22 (17) "Preapplication process" means the process which is  
23 initiated by written correspondence from the preapplicant to the  
24 council, and includes the process adopted by the council for  
25 consulting with the preapplicant and with cities, towns, and counties  
26 prior to accepting applications for all transmission facilities.

27 (18) "Secretary" means the secretary of the United States  
28 department of energy.

29 (19) "Site" means any proposed or approved location of an energy  
30 facility, alternative energy resource, or electrical transmission  
31 facility.

32 (20) "Small modular reactor" means a scalable nuclear power plant  
33 using reactors that each have a gross power output no greater than  
34 three hundred megawatts electric, and where each reactor is designed  
35 for factory manufacturing and ease of transport, such as by truck,  
36 rail, or barge.

37 (21) "Thermal power plant" means, for the purpose of  
38 certification, any electrical generating facility using any fuel for  
39 distribution of electricity by electric utilities.

1       (~~(21)~~) (22) "Transmission facility" means any of the following  
2 together with their associated facilities:

3       (a) Crude or refined petroleum or liquid petroleum product  
4 transmission pipeline of the following dimensions: A pipeline larger  
5 than six inches minimum inside diameter between valves for the  
6 transmission of these products with a total length of at least  
7 fifteen miles;

8       (b) Natural gas, synthetic fuel gas, or liquefied petroleum gas  
9 transmission pipeline of the following dimensions: A pipeline larger  
10 than fourteen inches minimum inside diameter between valves, for the  
11 transmission of these products, with a total length of at least  
12 fifteen miles for the purpose of delivering gas to a distribution  
13 facility, except an interstate natural gas pipeline regulated by the  
14 United States federal power commission.

15       (~~(22)~~) (23) "Zoning ordinance" means an ordinance of a unit of  
16 local government regulating the use of land and adopted pursuant to  
17 chapter 35.63, 35A.63, 36.70, or 36.70A RCW or Article XI of the  
18 state Constitution, or as otherwise designated by chapter 325, Laws  
19 of 2007.

20       NEW SECTION.   **Sec. 8.** A new section is added to chapter 80.50  
21 RCW to read as follows:

22       The council must amend Title 463 WAC to provide a process for  
23 expediting certification of nuclear power facilities that use small  
24 modular reactors.

25       **Sec. 9.** RCW 80.52.030 and 2002 c 190 s 1 are each amended to  
26 read as follows:

27       The definitions (~~(set forth)~~) in this section apply throughout  
28 this chapter unless the context clearly requires otherwise.

29       (1) "Public agency" means a public utility district, joint  
30 operating agency, city, county, or any other state governmental  
31 agency, entity, or political subdivision.

32       (2) "Major public energy project" means a plant or installation  
33 capable, or intended to be capable, of generating electricity in an  
34 amount greater than three hundred fifty megawatts, measured using  
35 maximum continuous electric generating capacity, less minimum  
36 auxiliary load, at average ambient temperature and pressure. Where  
37 two or more such plants are located within the same geographic site,  
38 each plant (~~(shall be)~~) is considered a major public energy project.

1 An addition to an existing facility is not deemed to be a major  
2 energy project unless the addition itself is capable, or intended to  
3 be capable, of generating electricity in an amount greater than three  
4 hundred fifty megawatts. A project which is under construction on  
5 July 1, 1982, (~~shall~~) is not (~~be~~) considered a major public  
6 energy project unless the official agency budget or estimate for  
7 total construction costs for the project as of July 1, 1982, is more  
8 than two hundred percent of the first official estimate of total  
9 construction costs as specified in the senate energy and utilities  
10 committee WPPSS inquiry report, volume one, January 12, 1981, and  
11 unless, as of July 1, 1982, the projected remaining cost of  
12 construction for that project exceeds two hundred million dollars. A  
13 plant or installation that generates electricity through the use of a  
14 small modular reactor is not a major public energy project.

15 (3) "Cost of construction" means the total cost of planning and  
16 building a major public energy project and placing it into operation,  
17 including, but not limited to, planning cost, direct construction  
18 cost, licensing cost, cost of fuel inventory for the first year's  
19 operation, interest, and all other costs incurred prior to the first  
20 day of full operation, whether or not incurred prior to July 1, 1982.

21 (4) "Cost of acquisition" means the total cost of acquiring a  
22 major public energy project from another party, including, but not  
23 limited to, principal and interest costs.

24 (5) "Bond" means a revenue bond, a general obligation bond, or  
25 any other indebtedness issued by a public agency or its assignee.

26 (6) "Applicant" means a public agency, or the assignee of a  
27 public agency, requesting the secretary of state to conduct an  
28 election pursuant to this chapter.

29 (7) "Cost-effective" means that a project or resource is  
30 forecast:

31 (a) To be reliable and available within the time it is needed;  
32 and

33 (b) To meet or reduce the electric power demand of the intended  
34 consumers at an estimated incremental system cost no greater than  
35 that of the least-cost similarly reliable and available alternative  
36 project or resource, or any combination thereof.

37 (8) "System cost" means an estimate of all direct costs of a  
38 project or resource over its effective life, including, if  
39 applicable, the costs of distribution to the consumer, and, among  
40 other factors, waste disposal costs, end-of-cycle costs, and fuel

1 costs (including projected increases), and such quantifiable  
2 environmental costs and benefits as are directly attributable to the  
3 project or resource.

4 (9) "Small modular reactor" means a scalable nuclear power plant  
5 using reactors that each have a gross power output no greater than  
6 three hundred megawatts electric, and where each reactor is designed  
7 for factory manufacturing and ease of transport, such as by truck,  
8 rail, or barge.

9 NEW SECTION. Sec. 10. (1) This section is the tax preference  
10 performance statement for the tax preference contained in (section  
11 11, chapter . . ., Laws of 2018) (section 11 of this act). This  
12 performance statement is only intended to be used for subsequent  
13 evaluation of the tax preference. It is not intended to create a  
14 private right of action by any party or be used to determine  
15 eligibility for preferential tax treatment.

16 (2) The legislature categorizes this tax preference as one  
17 intended to create or retain jobs, as indicated in RCW  
18 82.32.808(2)(c).

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

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

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

35 (a) The annual tax performance report that a taxpayer reporting  
36 under the tax rate provided in section 11, chapter . . ., Laws of  
37 2018 (section 11 of this act) must file with the department of  
38 revenue; and

1 (b) Employment data available from the employment security  
2 department.

3 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.04  
4 RCW to read as follows:

5 (1) This chapter does not apply to any person engaging within  
6 this state in the business of: (a) Manufacturing small modular  
7 reactors; or (b) making sales at wholesale or retail of small modular  
8 reactors manufactured by that person.

9 (2) This chapter does not apply to any person engaging within  
10 this state in the business of: (a) Manufacturing any item that is  
11 designed to be a component or part of a small modular reactor; or (b)  
12 making sales at wholesale or retail of an item designed to be a  
13 component or part of a small modular reactor, when such item is  
14 manufactured by that person.

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

20 (3) The expiration date provisions of RCW 82.32.805(1)(a) do not  
21 apply to this section.

22 **Sec. 12.** RCW 82.85.010 and 2017 3rd sp.s. c 37 s 801 are each  
23 amended to read as follows:

24 (1) Businesses that invest capital create jobs and generate  
25 economic activity that supports a healthy Washington economy. The  
26 legislature finds that these investments result in future revenues  
27 that support schools and our communities. Therefore, the legislature  
28 (~~finds that a pilot program must be conducted to evaluate the~~  
29 ~~effectiveness of~~) establishes a program that invests business taxes  
30 from new investments into workforce training programs that support  
31 manufacturing businesses in the state of Washington thereby creating  
32 jobs and capital investments in the state for the benefit of its  
33 citizens.

34 (2)(a) This subsection is the tax preference performance  
35 statement for the sales and use tax deferral provided in RCW  
36 82.85.040 on expenditures made to build or expand qualified  
37 investment projects and purchases of machinery and equipment. This  
38 performance statement is only intended to be used for subsequent

1 evaluation of the tax preference. It is not intended to create a  
2 private right of action by any party or be used to determine  
3 eligibility for preferential tax treatment.

4 (b) The legislature categorizes the tax preference as one  
5 intended to create or retain jobs and to provide funding to support  
6 job readiness training, professional development, or apprenticeship  
7 programs in manufacturing or production occupations, as indicated in  
8 RCW 82.32.808(2) (c) and (f).

9 (c) It is the legislature's specific public policy objective to  
10 provide a (~~(pilot program that would provide a)~~) sales tax deferral  
11 on the construction and expenditure costs of (~~(up to two new~~  
12 ~~manufacturing facilities per calendar year, one of which must be~~  
13 ~~located in eastern Washington and one of which must be located in~~  
14 ~~western Washington)) new, renovated, or expanded manufacturing  
15 facilities. When deferred taxes are repaid, the deferred taxes are  
16 reinvested to support job readiness training, professional  
17 development, or apprenticeship programs in manufacturing or  
18 production occupations.~~

19 (d) To measure the effectiveness of the deferral provided in this  
20 part in achieving the specific public policy objective described in  
21 (c) of this subsection, the joint legislative audit and review  
22 committee should refer to information available from the employment  
23 security department and department of revenue. If a review finds that  
24 each eligible investment project generated at least twenty full-time  
25 jobs and increased training opportunities for manufacturing and  
26 production jobs, then the legislature intends for the legislative  
27 auditor to recommend extending the expiration date of the tax  
28 preference. For purposes of this subsection (2)(d), the term full-  
29 time jobs include both temporary construction jobs and permanent  
30 full-time employment positions created at the eligible investment  
31 project within one year of the date that the facility became  
32 operationally complete as determined by the department of revenue.

33 (3) This section expires January 1, (~~(2026))~~ 2028.

34 **Sec. 13.** RCW 82.85.020 and 2017 3rd sp.s. c 37 s 802 are each  
35 amended to read as follows:

36 (1) The definitions in this section apply throughout this chapter  
37 unless the context clearly requires otherwise.

38 (a) "Applicant" means a person applying for a tax deferral under  
39 this chapter.

1 (b) "Eligible investment project" means an investment project for  
2 qualified buildings and machinery and equipment on ~~((two))~~ new,  
3 renovated, or expanded manufacturing operations ~~((per calendar year,~~  
4 ~~one of which must be located east of the crest of the Cascade~~  
5 ~~mountains and one of which must be located west of the crest of the~~  
6 ~~Cascade mountains))~~. Eligible investment projects that utilize or  
7 produce small modular reactors or other green technologies are  
8 encouraged. The deferral provided in this section only applies to the  
9 state and local sales and use taxes due on the first ten million  
10 dollars in costs for qualified buildings and machinery and equipment.

11 (c) "Initiation of construction" has the same meaning as in RCW  
12 82.63.010.

13 (d) "Investment project" means an investment in qualified  
14 buildings or qualified machinery and equipment, including labor and  
15 services rendered in the planning, installation, and construction of  
16 the project.

17 (e) "Manufacturing" has the same meaning as provided in RCW  
18 82.04.120.

19 (f) "Person" has the same meaning as provided in RCW 82.04.030.

20 (g) "Qualified buildings" means construction of new structures,  
21 and expansion or renovation of existing structures for the purpose of  
22 increasing floor space or production capacity, used for  
23 manufacturing, including plant offices and warehouses or other  
24 buildings for the storage of raw material or finished goods if such  
25 facilities are an essential or an integral part of a factory, mill,  
26 plant, or laboratory used for manufacturing. If a qualified building  
27 is used partly for manufacturing and partly for other purposes, the  
28 applicable tax deferral must be determined by apportionment of the  
29 costs of construction under rules adopted by the department.

30 (h) "Qualified machinery and equipment" means all new industrial  
31 fixtures, equipment, and support facilities that are an integral and  
32 necessary part of a manufacturing operation. "Qualified machinery and  
33 equipment" includes: Computers; software; data processing equipment;  
34 laboratory equipment; manufacturing components such as belts,  
35 pulleys, shafts, and moving parts; molds, tools, and dies; operating  
36 structures; and all equipment used to control, monitor, or operate  
37 the machinery.

38 (i) "Recipient" means a person receiving a tax deferral under  
39 this chapter.

1        (j) "Small modular reactor" means a scalable nuclear power plant  
2 using reactors that each have a gross power output no greater than  
3 three hundred megawatts electric, and where each reactor is designed  
4 for factory manufacturing and ease of transport, such as by truck,  
5 rail, or barge.

6        (2) This section expires January 1, ~~((2026))~~ 2028.

7        **Sec. 14.** RCW 82.85.030 and 2015 3rd sp.s. c 6 s 403 are each  
8 amended to read as follows:

9        The lessor or owner of a qualified building is not eligible for a  
10 deferral unless:

11        (1) The underlying ownership of the building, machinery, and  
12 equipment vests exclusively in the same person; or

13        (2)(a) The lessor by written contract agrees to pass the economic  
14 benefit of the deferral to the lessee;

15        (b) The lessee that receives the economic benefit of the deferral  
16 agrees in writing with the department to complete the annual  
17 ~~((survey))~~ tax performance report required under RCW ~~((82.32.585))~~  
18 82.32.534; and

19        (c) The economic benefit of the deferral passed to the lessee is  
20 no less than the amount of tax deferred by the lessor and is  
21 evidenced by written documentation of any type of payment, credit, or  
22 other financial arrangement between the lessor or owner of the  
23 qualified building and the lessee.

24        (3) This section expires January 1, 2028.

25        **Sec. 15.** RCW 82.85.040 and 2017 3rd sp.s. c 37 s 803 are each  
26 amended to read as follows:

27        (1) Application for deferral of taxes under this chapter must be  
28 made before initiation of the construction of the investment project  
29 or acquisition of equipment or machinery. The application must be  
30 made to the department in a form and manner prescribed by the  
31 department. ~~((The deferrals are available on a first-in-time basis.))~~

32 The application must contain information regarding the location of  
33 the investment project, the applicant's average employment in the  
34 state for the prior year, estimated or actual new employment related  
35 to the project, estimated or actual wages of employees related to the  
36 project, estimated or actual costs, time schedules for completion and  
37 operation, and other information required by the department. The  
38 department must rule on the application within sixty days.



1           (2) (~~The department may not approve applications for more than~~  
2 ~~two eligible investment projects per calendar year.~~

3           ~~(3)~~) This section expires January 1, (~~(2026)~~) 2028.

4           **Sec. 16.** RCW 82.85.050 and 2015 3rd sp.s. c 6 s 405 are each  
5 amended to read as follows:

6           (1) Except as otherwise provided in subsection (2) of this  
7 section, the department must issue a sales and use tax deferral  
8 certificate for state and local sales and use taxes due under  
9 chapters 82.08, 82.12, 82.14, and 81.104 RCW on each eligible  
10 investment project.

11           (2) No certificate may be issued for an investment project that  
12 has already received a deferral under this (~~(part [chapter])~~) chapter  
13 or chapter 82.60 RCW.

14           (3) The department must keep a running total of all deferrals  
15 granted under this chapter during each fiscal biennium.

16           (4) This section expires January 1, 2028.

17           **Sec. 17.** RCW 82.85.080 and 2015 3rd sp.s. c 6 s 408 are each  
18 amended to read as follows:

19           (1) Each recipient of a deferral of taxes granted under this  
20 chapter must file a complete annual (~~(survey)~~) tax preference report  
21 with the department under RCW (~~(82.32.585)~~) 82.32.534. If the  
22 economic benefits of the deferral are passed to a lessee as provided  
23 in RCW 82.85.030, the lessee must file a complete annual (~~(survey)~~)  
24 tax preference report, and the applicant is not required to file a  
25 complete annual (~~(survey)~~) tax preference report.

26           (2) If, on the basis of a (~~(survey)~~) tax preference report under  
27 RCW (~~(82.32.585)~~) 82.32.534 or other information, the department  
28 finds that an investment project is not eligible for tax deferral  
29 under this chapter due to the fact the investment project is no  
30 longer used for qualified activities, the amount of deferred taxes  
31 outstanding for the investment project is immediately due and  
32 payable.

33           (3) If the economic benefits of a tax deferral under this chapter  
34 are passed to a lessee as provided in RCW 82.85.030, the lessee is  
35 responsible for payment to the extent the lessee has received the  
36 economic benefit.

--- END ---