**5116-S2.E AMH STEE H2904.1 - NOT FOR FLOOR USE**

**E2SSB 5116** - H AMD TO APP COMM AMD (H-2810.1/19) **606**

By Representative Steele

**NOT ADOPTED 04/11/2019**

On page 40, line 4, after "resources," insert "hydropower,"

On page 40, after line 18, insert the following:

"(e) "Rural county" means a county with a population density of less than one hundred persons per square mile or a county smaller than two hundred twenty-five square miles as determined by the office of financial management and published each year by the department for the period July 1st to June 30th."

On page 40, line 21, after "resources," insert "hydropower,"

On page 41, line 39, after "(7)" insert "(a) Subject to the requirements of this subsection, the tax imposed by RCW 82.08.020 does not apply to sales of machinery and equipment used directly in generating electricity using hydropower, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts AC of electricity and only if the facility is located in a rural county. Except as otherwise provided in this subsection, the purchaser must pay the state and local sales tax on such sales and apply to the department for a remittance of the tax paid.

(i) Beginning January 1, 2020, through December 31, 2024, the purchaser is entitled to an exemption, in the form of a remittance, under this subsection (7)(a)(i) in an amount equal to fifty percent of the state and local sales tax paid. In order to qualify for the remittance under this subsection (7)(a)(i), installation of the qualifying machinery and equipment must commence no earlier than January 1, 2020, and be completed by December 31, 2024.

(ii) Beginning January 1, 2025, through December 31, 2029, the purchaser is entitled to an exemption, in the form of a remittance, under this subsection (7)(a)(ii) in an amount equal to one hundred percent of the state and local sales tax paid. In order to qualify for the remittance under this subsection (7)(a)(ii), installation of the qualifying machinery and equipment must commence no earlier than January 1, 2025, and be completed by December 31, 2029.

(b) A purchaser claiming an exemption in the form of a remittance under this subsection must pay the tax imposed by RCW 82.08.020 and all applicable local sales taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The purchaser may then apply to the department for remittance in a form and manner prescribed by the department. A purchaser may not apply for a remittance under this subsection more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(c) The department must determine eligibility under this subsection based on the information provided by the purchaser, which is subject to audit verification by the department. The department must, on a quarterly basis, remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(8)"

On page 46, line 19, after "(8)" insert "(a) Subject to the requirements of this subsection, the tax imposed by RCW 82.12.020 does not apply to machinery and equipment used directly in generating electricity using hydropower, or to labor and services rendered in respect to installing such machinery and equipment, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts AC of electricity and only if the facility is located in a rural county. Except as otherwise provided in this subsection, the consumer must pay the state and local use tax on the use of such machinery and equipment and labor and services, and apply to the department for a remittance of the tax paid.

(i) Beginning January 1, 2020, through December 31, 2024, the purchaser is entitled to an exemption, in the form of a remittance, under this subsection (8)(a)(i) in an amount equal to fifty percent of the state and local use tax paid. In order to qualify for the remittance under this subsection (8)(a)(i), installation of the qualifying machinery and equipment must commence no earlier than January 1, 2020, and be completed by December 31, 2024.

(ii) Beginning January 1, 2025, through December 31, 2029, the purchaser is entitled to an exemption, in the form of a remittance, under this subsection (8)(a)(ii) in an amount equal to one hundred percent of the state and local use tax paid. In order to qualify for the remittance under this subsection (8)(a)(ii), installation of the qualifying machinery and equipment must commence no earlier than January 1, 2025, and be completed by December 31, 2029.

(b) A person claiming an exemption in the form of a remittance under this subsection must pay the tax imposed by RCW 82.12.020 and all applicable local use taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The consumer may then apply to the department for remittance in a form and manner prescribed by the department. A consumer may not apply for a remittance under this subsection more frequently than once per quarter. The consumer must specify the amount of exempted tax claimed and the qualifying purchases or acquisitions for which the exemption is claimed. The consumer must retain, in adequate detail, records to enable the department to determine whether the consumer is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(c) The department must determine eligibility for remittances under this subsection based on the information provided by the consumer, which is subject to audit verification by the department. The department must, on a quarterly basis, remit exempted amounts to qualifying consumers who submitted applications during the previous quarter.

(9)"

EFFECT: Provides a sales and use tax exemption, in the form of a remittance, for machinery and equipment used directly in generating electricity using hydropower, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts AC of electricity and only if the facility is located in a rural county. Increases the sales and use tax exemption for machinery and equipment used directly in generating electricity using hydropower from 50 percent of the sales and use tax paid from January 1, 2020, through December 31, 2024, to 100 percent beginning January 1, 2025, through December 31, 2029. Defines "rural county."