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**ENGROSSED SUBSTITUTE SENATE BILL 6012**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Hawkins and Palumbo)

AN ACT Relating to promoting renewable energy through modifying tax incentives; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new sections; providing an effective date; and providing expiration dates.

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

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the sales and use tax exemptions contained in sections 2 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of this act). This performance statement is only intended to be used for subsequent evaluation of these tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these sales and use tax exemptions as ones intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to encourage hydroelectric facilities to install oil-free adjustable blade hubs to reduce oil spills by reducing the price differential between oil-free systems and traditional oil-operated mechanisms.

(4) If a review finds that a majority of new or replacement turbines incorporate oil-free adjustable blade hubs, and oil-free systems continue to cost more than traditional systems, then the legislature intends to extend the expiration date of these tax preferences.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee must incorporate data provided by public utility districts and businesses operating hydroelectric facilities that claim the exemptions authorized in sections 2 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of this act), as well as information provided by the department of revenue.

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to:

(a) The sale of oil-free adjustable blade hubs for hydroelectric turbines;

(b) The sale of or charge made for labor and services rendered in respect to constructing, installing, repairing, altering, cleaning, or improving oil-free adjustable blade hubs for hydroelectric turbines; and

(c) The sale of tangible personal property that will become a component of oil-free adjustable blade hubs for hydroelectric turbines during the course of constructing, installing, repairing, altering, cleaning, or improving oil-free adjustable blade hubs for hydroelectric turbines.

(2)(a) The exemption under this section is in the form of a remittance and applies only to the state sales tax. A person claiming an exemption from state tax in the form of a remittance under this section must pay all state and local sales and use taxes. The buyer may then apply to the department for remittance of one hundred percent of the tax paid under RCW 82.08.020 and 82.12.020.

(b) The department must determine eligibility under this section based on information provided by the buyer and through audit and other administrative records. The buyer must on a quarterly basis submit an information sheet, in a form and manner as required by the department by rule, specifying the amount of exempted tax claimed and the qualifying purchases or acquisitions for which the exemption is claimed. The buyer must retain, in adequate detail to enable the department to determine whether the oil-free adjustable blade hub and related labor and services meet the criteria under this section: Invoices; proof of tax paid; documents describing the equipment; and construction invoices and documents.

(c) The department must on a quarterly basis remit exempted amounts to qualifying persons who submitted applications during the previous quarter.

(d) With respect to a project to install oil-free adjustable blade hubs, before the department may remit exempted amounts to qualifying persons, the department of labor and industries must have certified that the project compensates workers at prevailing wage rates determined by local collective bargaining as determined by the department of labor and industries.

(3) For the purposes of this section and section 3 of this act, "oil-free adjustable blade hub for hydroelectric turbines" means a type of horizontal or vertical hydroelectric turbine with adjustable blades that does not use oil on the runner hub to lubricate the internal components.

(4) This section expires July 1, 2030.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The tax imposed by RCW 82.12.020 does not apply to the use of:

(a) Oil-free adjustable blade hubs for hydroelectric turbines;

(b) Labor and services rendered in respect to constructing, installing, repairing, altering, cleaning, or improving oil-free adjustable blade hubs for hydroelectric turbines; and

(c) Tangible personal property that will become a component of oil-free adjustable blade hubs for hydroelectric turbines during the course of constructing, installing, repairing, altering, cleaning, or improving oil-free adjustable blade hubs for hydroelectric turbines.

(2) The definitions, conditions, and requirements under section 2 of this act apply to this section.

(3) This section expires July 1, 2030.

NEW SECTION. **Sec.**  This act takes effect July 1, 2020.

NEW SECTION. **Sec.**  If the state fiscal impacts of this act, referencing this act by bill or chapter number, are not referenced by June 30, 2020, in the omnibus operating appropriations act, this act is null and void.

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