

SHB 2825 - H AMD 2175

By Representative Fitzgibbon

ADOPTED 03/10/2020

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
4 RCW to read as follows:

5 (1) A taxpayer is eligible for an exemption, in the form of a
6 remittance, from the tax levied by RCW 82.08.020 on:

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

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

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

18 (2)(a) Any taxpayer claiming exemption from retail sales tax
19 under the provisions of this section must pay the state and local
20 sales tax to the seller at the time of purchase and then request a
21 remittance from the department in accordance with this subsection.
22 The request for remittance must include any information and
23 documentation as required by the department, which may include the
24 sales price of any goods or services purchased, the amount of sales
25 tax paid on the item, the date of the purchase, the name of the
26 seller and the physical address where the sale took place, and copies
27 of sales receipts showing the qualified purchases.

28 (b) Requests for remittance must be made on an annual basis. A
29 taxpayer may not submit more than one request for remittance for a
30 given calendar year, except to amend a request.

31 (c) As part of the application for a remittance under this
32 section, in cases where the labor and services as described in

1 subsection (1)(b) of this section are provided under contract, the
2 taxpayer must attest:

3 (i)(A) That the contractors on the project, for which the labor
4 and services described in subsection (1)(b) of this section are
5 rendered, have a history of complying with federal and state wage and
6 hour laws and regulations; or

7 (B) That the project, for which the labor and services described
8 in subsection (1)(b) of this section are rendered, is developed under
9 a community workforce agreement or project labor agreement; or

10 (ii) That, if the contract for labor and services described under
11 subsection (1)(b) of this section was executed prior to July 1, 2020,
12 and the remaining labor and services will be rendered on or after
13 July 1, 2020, either of the conditions in (c)(i) of this subsection
14 (2) is met and wages consistent with chapter 39.12 RCW are paid on
15 the project.

16 (d) If the department determines that any of the facts attested
17 to as required under (c) of this subsection are not true, the
18 department must deny the application for remittance. However, nothing
19 in this section requires the department to endeavor to determine the
20 veracity of the facts attested to as required under (c) of this
21 subsection. Upon the department's request, state agencies must
22 provide assistance to the department in reviewing the information
23 submitted by a generating utility as required by (c) of this
24 subsection.

25 (e) Any taxpayer claiming exemption from retail sales tax under
26 the provisions of this section must also report to the department the
27 amount of energy expected to be generated by the hydroelectric
28 turbines associated with the exemption in the twelve months following
29 the date of the request. The department must make this information
30 available to the joint legislative audit and review committee.

31 (3) The exemption provided by this section is only for the state
32 portion of the sales tax. For purposes of this section, the state
33 portion of the sales tax is not reduced by any local sales tax that
34 is deducted or credited against the state sales tax as provided by
35 law.

36 (4) The definitions in this subsection apply throughout this
37 section and section 2 of this act unless the context clearly requires
38 otherwise:

39 (a) "Electric utility" has the same meaning as defined in RCW
40 19.29A.010.

1 (b) "Hydroelectric turbine" means a mechanical wheel that is
2 moved by water and connected to a generator to produce electricity in
3 a hydroelectric project owned by an electric utility.

4 (c) "Oil-free adjustable blade hub for hydroelectric turbines"
5 means a type of horizontal or vertical hydroelectric turbine with
6 adjustable blades that does not use oil on the runner hub to
7 lubricate the internal components.

8 (5) This section expires July 1, 2030.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
10 RCW to read as follows:

11 (1) A taxpayer is eligible for an exemption, in the form of a
12 remittance, from the tax levied by RCW 82.12.020 on:

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

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

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

21 (2) All of the eligibility requirements, conditions, limitations,
22 and definitions in section 1 of this act apply to this section.

23 (3) This section expires July 1, 2030.

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

31 (2) The legislature categorizes this tax preference as one
32 intended to improve industry competitiveness as indicated in RCW
33 82.32.808(2)(b).

34 (3) It is the legislature's specific public policy objective to
35 promote the use of oil-free hydroelectric turbine technology.

36 (4) If a review finds that there is an increase in the number of
37 taxpayers claiming the exemption provided in this act and in the
38 amount of energy generated by the hydroelectric turbines associated

1 with this exemption, then the legislature intends to extend the
2 expiration date of this tax preference.

3 (5) In order to obtain the data necessary to perform the review
4 in subsection (4) of this section, the joint legislative audit and
5 review committee may refer to any data collected by the state.

6 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2020."

7 Correct the title.

EFFECT: (1) Requires the taxpayer to attest that labor and services provided under contract are: (a) Provided by a contractor with a history of complying with federal and state wage and hour laws and regulations; or (b) the labor and services are rendered as part of a project developed under a community workforce agreement or project labor agreement.

(2) Provides that for contracts executed prior to July 1, 2020, but where labor and services will be rendered after that date, the taxpayer must attest that either of the above requirements are met and that wages consistent with chapter 39.12 RCW are paid.

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