

SSB 6012 - S AMD 954
By Senator Hawkins

ADOPTED AS AMENDED 02/17/2020

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

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

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

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

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

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

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
30 RCW to read as follows:

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

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

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

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

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

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

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

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

37 (4) This section expires July 1, 2030.

38 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
39 RCW to read as follows:

- 1 (1) The tax imposed by RCW 82.12.020 does not apply to the use
2 of:
- 3 (a) Oil-free adjustable blade hubs for hydroelectric turbines;
 - 4 (b) Labor and services rendered in respect to constructing,
5 installing, repairing, altering, cleaning, or improving oil-free
6 adjustable blade hubs for hydroelectric turbines; and
 - 7 (c) Tangible personal property that will become a component of
8 oil-free adjustable blade hubs for hydroelectric turbines during the
9 course of constructing, installing, repairing, altering, cleaning, or
10 improving oil-free adjustable blade hubs for hydroelectric turbines.
- 11 (2) The definitions, conditions, and requirements under section 2
12 of this act apply to this section.
- 13 (3) This section expires July 1, 2030.

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

15 NEW SECTION. **Sec. 5.** If the state fiscal impacts of this act,
16 referencing this act by bill or chapter number, are not referenced by
17 June 30, 2020, in the omnibus operating appropriations act, this act
18 is null and void."

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19 On page 1, line 2 of the title, after "incentives;" strike the
20 remainder of the title and insert "adding a new section to chapter
21 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new
22 sections; providing an effective date; and providing expiration
23 dates."

EFFECT: Replaces the existing language with a 10-year sales and
use tax exemption for oil-free adjustable blade hubs for
hydroelectric turbines. Limits the sales and use tax exemption to
only the state portion of the sales and use tax. Includes a tax
preference performance statement. Makes the bill null and void if the
revenue impacts of the bill are not referenced in the state operating
budget by June 30, 2020.

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