

CERTIFICATION OF ENROLLMENT

**ENGROSSED SENATE BILL 5849**

67th Legislature  
2022 Regular Session

Passed by the Senate March 4, 2022  
Yeas 46 Nays 1

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**President of the Senate**

Passed by the House March 9, 2022  
Yeas 96 Nays 1

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**Speaker of the House of  
Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5849** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**ENGROSSED SENATE BILL 5849**

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Passed Legislature - 2022 Regular Session

**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senator Warnick

Read first time 01/13/22. Referred to Committee on Business,  
Financial Services & Trade.

1 AN ACT Relating to tax incentives; amending RCW 82.25.030 and  
2 82.04.294; creating a new section; providing an effective date; and  
3 providing an expiration date.

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

5 **Sec. 1.** RCW 84.25.030 and 2021 c 218 s 1 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "City" means any city or town.

10 (2) "Family living wage job" means a job that offers health care  
11 benefits with a wage that is sufficient for raising a family. A  
12 family living wage job must have an average wage of \$23 an hour or  
13 more, working 2,080 hours per year on the subject site, as adjusted  
14 annually for inflation by the consumer price index. The family living  
15 wage may be increased by the local authority based on regional  
16 factors and wage conditions.

17 (3) "Governing authority" means the local legislative authority  
18 of a city or county having jurisdiction over the property for which  
19 an exemption may be applied for under this chapter.

20 (4) "Growth management act" means chapter 36.70A RCW.

1 (5) "Industrial/manufacturing facilities" means building  
2 improvements that are 10,000 square feet or larger, representing a  
3 minimum improvement valuation of \$800,000 for uses categorized as  
4 "division D: manufacturing" or "division E: transportation (major  
5 groups 40-42, 45, or 47-48)" by the United States department of labor  
6 in the occupation safety and health administration's standard  
7 industrial classification manual, provided, a city may limit the tax  
8 exemption to manufacturing uses.

9 (6) "Lands zoned for industrial and manufacturing uses" means  
10 lands in a city zoned (~~as of December 31, 2014,~~) for an industrial  
11 or manufacturing use consistent with the city's comprehensive plan  
12 where the lands are designated for industry.

13 (7) "Owner" means the property owner of record.

14 (8) "Targeted area" means an area of undeveloped lands zoned for  
15 industrial and manufacturing uses in the city that is located within  
16 or contiguous to an innovation partnership zone, foreign trade zone,  
17 or EB-5 regional center, and designated for possible exemption under  
18 the provisions of this chapter.

19 (9) "Undeveloped or underutilized" means that there are no  
20 existing building improvements on the portions of the property  
21 targeted for new or expanded industrial or manufacturing uses.

22 **Sec. 2.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each  
23 amended to read as follows:

24 (1) Upon every person engaging within this state in the business  
25 of manufacturing solar energy systems using photovoltaic modules or  
26 stirling converters, or of manufacturing solar grade silicon, silicon  
27 solar wafers, silicon solar cells, thin film solar devices, or  
28 compound semiconductor solar wafers to be used exclusively in  
29 components of such systems; as to such persons the amount of tax with  
30 respect to such business is, in the case of manufacturers, equal to  
31 the value of the product manufactured, or in the case of processors  
32 for hire, equal to the gross income of the business, multiplied by  
33 the rate of 0.275 percent.

34 (2) Upon every person engaging within this state in the business  
35 of making sales at wholesale of solar energy systems using  
36 photovoltaic modules or stirling converters, or of solar grade  
37 silicon, silicon solar wafers, silicon solar cells, thin film solar  
38 devices, or compound semiconductor solar wafers to be used  
39 exclusively in components of such systems, manufactured by that

1 person; as to such persons the amount of tax with respect to such  
2 business is equal to the gross proceeds of sales of the solar energy  
3 systems using photovoltaic modules or stirling converters, or of the  
4 solar grade silicon to be used exclusively in components of such  
5 systems, multiplied by the rate of 0.275 percent.

6 (3) Silicon solar wafers, silicon solar cells, thin film solar  
7 devices, solar grade silicon, or compound semiconductor solar wafers  
8 are "semiconductor materials" for the purposes of RCW 82.08.9651 and  
9 82.12.9651.

10 (4) The definitions in this subsection apply throughout this  
11 section.

12 (a) "Compound semiconductor solar wafers" means a semiconductor  
13 solar wafer composed of elements from two or more different groups of  
14 the periodic table.

15 (b) "Module" means the smallest nondivisible self-contained  
16 physical structure housing interconnected photovoltaic cells and  
17 providing a single direct current electrical output.

18 (c) "Photovoltaic cell" means a device that converts light  
19 directly into electricity without moving parts.

20 (d) "Silicon solar cells" means a photovoltaic cell manufactured  
21 from a silicon solar wafer.

22 (e) "Silicon solar wafers" means a silicon wafer manufactured for  
23 solar conversion purposes.

24 (f) "Solar energy system" means any device or combination of  
25 devices or elements that rely upon direct sunlight as an energy  
26 source for use in the generation of electricity.

27 (g) "Solar grade silicon" means high-purity silicon used  
28 exclusively in components of solar energy systems using photovoltaic  
29 modules to capture direct sunlight. "Solar grade silicon" does not  
30 include silicon used in semiconductors.

31 (h) "Stirling converter" means a device that produces electricity  
32 by converting heat from a solar source utilizing a stirling engine.

33 (i) "Thin film solar devices" means a nonparticipating substrate  
34 on which various semiconducting materials are deposited to produce a  
35 photovoltaic cell that is used to generate electricity.

36 (5) A person reporting under the tax rate provided in this  
37 section must file a complete annual tax performance report with the  
38 department under RCW 82.32.534.

39 (6) This section expires July 1, ((2027)) 2032.

1        NEW SECTION.    **Sec. 3.**    (1) This section is the tax preference  
2 performance statement for the tax preference contained in section 2,  
3 chapter . . . , Laws of 2022 (section 2 of this act). This performance  
4 statement is only intended to be used for subsequent evaluation of  
5 the tax preference. It is not intended to create a private right of  
6 action by any party or be used to determine eligibility for  
7 preferential tax treatment.

8        (2) The legislature categorizes this tax preference as one  
9 intended to improve industry competitiveness and to create and retain  
10 jobs as indicated in RCW 82.32.808(2) (b) and (c).

11        (3) It is the legislature's specific public policy objective to  
12 maintain and grow jobs in the solar silicon industry. Trade disputes  
13 currently threaten employment in this sector. It is the legislature's  
14 intent to extend by five years the preferential tax rates for  
15 manufacturers and wholesalers of specific solar energy material and  
16 parts in order to maintain and grow jobs in the solar silicon  
17 industry.

18        (4) If a review finds that the number of people employed by the  
19 solar silicon industry in Washington is the same or more than in  
20 2019, and that at least 60 percent of employees earn \$60,000 a year  
21 or more, then the legislature intends to extend the expiration date  
22 of the tax preference.

23        (5) In order to obtain the data necessary to perform the review  
24 in subsection (4) of this section, the joint legislative audit and  
25 review committee may refer to the department of revenue's annual  
26 survey data.

27        NEW SECTION.    **Sec. 4.**    This act takes effect July 1, 2022.

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