
SENATE BILL 5939

State of Washington 65th Legislature 2017 1st Special Session

By Senators Ericksen and Palumbo

Read first time 05/19/17. Referred to Committee on Energy,
Environment & Telecommunications.

1 AN ACT Relating to promoting a sustainable, local renewable
2 energy industry through modifying renewable energy system tax
3 incentives and providing guidance for renewable energy system
4 component recycling; amending RCW 82.16.120, 82.16.130, 82.08.962,
5 82.08.963, 82.12.962, and 82.12.963; adding new sections to chapter
6 82.16 RCW; adding new sections to chapter 80.28 RCW; adding a new
7 section to chapter 43.180 RCW; adding a new chapter to Title 70 RCW;
8 creating a new section; and declaring an emergency.

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

10 NEW SECTION. **Sec. 1.** The legislature finds and declares that
11 stimulating local investment in distributed renewable energy
12 generation is an important part of a state energy strategy, helping
13 to increase energy independence from fossil fuels, promote economic
14 development, hedge against the effects of climate change, and attain
15 environmental benefits. The legislature intends to increase the
16 effectiveness of the existing renewable energy investment cost
17 recovery program by reducing the maximum incentive rate provided for
18 each kilowatt-hour of electricity generated by a renewable energy
19 system over the period of the program and by creating opportunities
20 for broader participation by low-income individuals and others who
21 may not own the premises where a renewable energy system may be

1 installed. The legislature intends to provide an incentive sufficient
2 to promote installation of systems through 2021, at which point the
3 legislature expects that the state's renewable energy industry will
4 be capable of sustained growth and vitality without the cost recovery
5 incentive.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16
7 RCW to read as follows:

8 (1) This section is the tax preference performance statement for
9 the tax preference and incentives created under RCW 82.16.130 and
10 section 6 of this act. This performance statement is only intended to
11 be used for subsequent evaluation of the tax preference and
12 incentives. It is not intended to create a private right of action by
13 any party or be used to determine eligibility for preferential tax
14 treatment.

15 (2) The legislature categorizes the tax preference created under
16 RCW 82.16.130 and incentive payments authorized in section 6 of this
17 act as intended to:

18 (a) Induce participating utilities to make incentive payments to
19 utility customers who invest in renewable energy systems; and

20 (b) By inducing utilities, nonprofit organizations, and utility
21 customers to acquire and install renewable energy systems, retain
22 jobs in the clean energy sector and create additional jobs.

23 (3) The legislature's public policy objectives are to:

24 (a) Increase energy independence from fossil fuels; and

25 (b) Promote economic development through increasing and improving
26 investment in, development of, and use of clean energy technology in
27 Washington; and

28 (c) Increase the number of jobs in and enhance the sustainability
29 of the clean energy technology industry in Washington.

30 (4) It is the legislature's intent to provide the incentives in
31 section 6 of this act and RCW 82.16.130 in order to ensure the
32 sustainable job growth and vitality of the state's renewable energy
33 sector. The purpose of the incentive is to reduce the costs
34 associated with installing and operating solar energy systems by
35 persons or entities receiving the incentive.

36 (5) As part of its 2021 tax preference reviews conducted under
37 chapter 43.136 RCW, the joint legislative audit and review committee
38 must review the tax preferences and incentives in section 6 of this
39 act and RCW 82.16.130. The legislature intends for the legislative

1 auditor to determine that the incentive has achieved its desired
2 outcomes if the following objectives are achieved:

3 (a) Installation of one hundred fifteen megawatts of solar
4 photovoltaic capacity by participants in the incentive program
5 between July 1, 2017, and June 30, 2021; and

6 (b) Growth of solar-related employment from 2015 levels, as
7 evidenced by:

8 (i) An increased per capita rate of solar energy-related jobs in
9 Washington, which may be determined by consulting a relevant trade
10 association in the state; or

11 (ii) Achievement of an improved national ranking for solar
12 energy-related employment and per capita solar energy-related
13 employment, as reported in a nationally recognized report.

14 (6) In order to obtain the data necessary to perform the review,
15 the joint legislative audit and review committee may refer to data
16 collected by the Washington State University extension energy program
17 and may obtain employment data from the employment security
18 department.

19 (7) The Washington State University extension energy program must
20 collect, through the application process, data from persons claiming
21 the tax credit under RCW 82.16.130 and persons receiving the
22 incentive payments created in section 6 of this act, as necessary,
23 and may collect data from other interested persons as necessary to
24 report on the performance of this act.

25 (8) All recipients of tax credits or incentive payments awarded
26 under this chapter must provide data necessary to evaluate the tax
27 preference performance objectives in this section as requested by the
28 Washington State University extension energy program or the joint
29 legislative audit and review committee. Failure to comply may result
30 in the loss of a tax credit award or incentive payment in the
31 following year.

32 **Sec. 3.** RCW 82.16.120 and 2011 c 179 s 3 are each amended to
33 read as follows:

34 (1)(a) Any individual, business, local governmental entity, not
35 in the light and power business or in the gas distribution business,
36 or a participant in a community solar project may apply to the light
37 and power business serving the situs of the system, each fiscal year
38 beginning on July 1, 2005, and ending June 30, 2017, for an

1 investment cost recovery incentive for each kilowatt-hour from a
2 customer-generated electricity renewable energy system.

3 (b) In the case of a community solar project as defined in RCW
4 82.16.110(2)(a)(i), the administrator must apply for the investment
5 cost recovery incentive on behalf of each of the other owners.

6 (c) In the case of a community solar project as defined in RCW
7 82.16.110(2)(a)(iii), the company owning the community solar project
8 must apply for the investment cost recovery incentive on behalf of
9 each member of the company.

10 (2)(a) Before submitting for the first time the application for
11 the incentive allowed under subsection (4) of this section, the
12 applicant must submit to the department of revenue and to the climate
13 and rural energy development center at the Washington State
14 University, established under RCW 28B.30.642, a certification in a
15 form and manner prescribed by the department that includes, but is
16 not limited to, the ~~((following))~~ information~~((+))~~ described in (c)
17 of this subsection.

18 (b) No person may submit a certification to the department under
19 (a) of this subsection after June 30, 2017.

20 (c) The certification must include:

21 (i) The name and address of the applicant and location of the
22 renewable energy system.

23 (A) If the applicant is an administrator of a community solar
24 project as defined in RCW 82.16.110(2)(a)(i), the certification must
25 also include the name and address of each of the owners of the
26 community solar project.

27 (B) If the applicant is a company that owns a community solar
28 project as defined in RCW 82.16.110(2)(a)(iii), the certification
29 must also include the name and address of each member of the company;

30 (ii) The applicant's tax registration number;

31 (iii) That the electricity produced by the applicant meets the
32 definition of "customer-generated electricity" and that the renewable
33 energy system produces electricity with:

34 (A) Any solar inverters and solar modules manufactured in
35 Washington state;

36 (B) A wind generator powered by blades manufactured in Washington
37 state;

38 (C) A solar inverter manufactured in Washington state;

39 (D) A solar module manufactured in Washington state;

40 (E) A stirling converter manufactured in Washington state; or

1 (F) Solar or wind equipment manufactured outside of Washington
2 state;

3 (iv) That the electricity can be transformed or transmitted for
4 entry into or operation in parallel with electricity transmission and
5 distribution systems; and

6 (v) The date that the renewable energy system received its final
7 electrical ~~((permit))~~ inspection from the applicable local
8 jurisdiction.

9 ~~((b))~~ (d) Within thirty days of receipt of the certification
10 the department of revenue must notify the applicant by mail, or
11 electronically as provided in RCW 82.32.135, whether the renewable
12 energy system qualifies for an incentive under this section. The
13 department may consult with the climate and rural energy development
14 center to determine eligibility for the incentive. System
15 certifications and the information contained therein are not
16 confidential tax information under RCW 82.32.330 and are subject to
17 disclosure ~~((under RCW 82.32.330(3)(1))~~).

18 (3)(a) By August 1st of each year through August 1, 2017, the
19 application for the incentive must be made to the light and power
20 business serving the situs of the system by certification in a form
21 and manner prescribed by the department that includes, but is not
22 limited to, the following information:

23 (i) The name and address of the applicant and location of the
24 renewable energy system.

25 (A) If the applicant is an administrator of a community solar
26 project as defined in RCW 82.16.110(2)(a)(i), the application must
27 also include the name and address of each of the owners of the
28 community solar project.

29 (B) If the applicant is a company that owns a community solar
30 project as defined in RCW 82.16.110(2)(a)(iii), the application must
31 also include the name and address of each member of the company;

32 (ii) The applicant's tax registration number;

33 (iii) The date of the notification from the department of revenue
34 stating that the renewable energy system is eligible for the
35 incentives under this section; and

36 (iv) A statement of the amount of kilowatt-hours generated by the
37 renewable energy system in the prior fiscal year.

38 (b) Within sixty days of receipt of the incentive certification
39 the light and power business serving the situs of the system must
40 notify the applicant in writing whether the incentive payment will be

1 authorized or denied. The business may consult with the climate and
2 rural energy development center to determine eligibility for the
3 incentive payment. Incentive certifications and the information
4 contained therein are not confidential tax information under RCW
5 82.32.330 and are subject to disclosure (~~under RCW~~
6 ~~82.32.330(3)(1)~~)).

7 (c)(i) Persons, administrators of community solar projects, and
8 companies receiving incentive payments must keep and preserve, for a
9 period of five years, suitable records as may be necessary to
10 determine the amount of incentive applied for and received. Such
11 records must be open for examination at any time upon notice by the
12 light and power business that made the payment or by the department.
13 If upon examination of any records or from other information obtained
14 by the business or department it appears that an incentive has been
15 paid in an amount that exceeds the correct amount of incentive
16 payable, the business may assess against the person for the amount
17 found to have been paid in excess of the correct amount of incentive
18 payable and must add thereto interest on the amount. Interest is
19 assessed in the manner that the department assesses interest upon
20 delinquent tax under RCW 82.32.050.

21 (ii) If it appears that the amount of incentive paid is less than
22 the correct amount of incentive payable the business may authorize
23 additional payment.

24 (4) Except for community solar projects, the investment cost
25 recovery incentive may be paid fifteen cents per economic development
26 kilowatt-hour unless requests exceed the amount authorized for credit
27 to the participating light and power business. For community solar
28 projects, the investment cost recovery incentive may be paid thirty
29 cents per economic development kilowatt-hour unless requests exceed
30 the amount authorized for credit to the participating light and power
31 business. For the purposes of this section, the rate paid for the
32 investment cost recovery incentive may be multiplied by the following
33 factors:

34 (a) For customer-generated electricity produced using solar
35 modules manufactured in Washington state or a solar stirling
36 converter manufactured in Washington state, two and four-tenths;

37 (b) For customer-generated electricity produced using a solar or
38 a wind generator equipped with an inverter manufactured in Washington
39 state, one and two-tenths;

1 (c) For customer-generated electricity produced using an
2 anaerobic digester, or by other solar equipment or using a wind
3 generator equipped with blades manufactured in Washington state, one;
4 and

5 (d) For all other customer-generated electricity produced by
6 wind, eight-tenths.

7 (5)(a) No individual, household, business, or local governmental
8 entity is eligible for incentives provided under subsection (4) of
9 this section for more than five thousand dollars per year.

10 (b) Except as provided in (c) through (e) of this subsection (5),
11 each applicant in a community solar project is eligible for up to
12 five thousand dollars per year.

13 (c) Where the applicant is an administrator of a community solar
14 project as defined in RCW 82.16.110(2)(a)(i), each owner is eligible
15 for an incentive but only in proportion to the ownership share of the
16 project, up to five thousand dollars per year.

17 (d) Where the applicant is a company owning a community solar
18 project that has applied for an investment cost recovery incentive on
19 behalf of its members, each member of the company is eligible for an
20 incentive that would otherwise belong to the company but only in
21 proportion to each ownership share of the company, up to five
22 thousand dollars per year. The company itself is not eligible for
23 incentives under this section.

24 (e) In the case of a utility-owned community solar project, each
25 ratepayer that contributes to the project is eligible for an
26 incentive in proportion to the contribution, up to five thousand
27 dollars per year.

28 ~~(6) ((If requests for the investment cost recovery incentive~~
29 ~~exceed the amount of funds available for credit to the participating~~
30 ~~light and power business, the incentive payments must be reduced~~
31 ~~proportionately.~~

32 ~~(7))~~ The climate and rural energy development center at
33 Washington State University energy program may establish guidelines
34 and standards for technologies that are identified as Washington
35 manufactured and therefore most beneficial to the state's
36 environment.

37 ~~((8))~~ (7) The environmental attributes of the renewable energy
38 system belong to the applicant, and do not transfer to the state or
39 the light and power business upon receipt of the investment cost
40 recovery incentive.

1 ~~((9))~~ (8) No incentive may be paid under this section for
2 kilowatt-hours generated before July 1, 2005, or after June 30,
3 ~~((2020))~~ 2017, except as provided in subsections (10) through (12) of
4 this section.

5 (9) Beginning July 1, 2017, program management, technical review,
6 and tracking responsibilities of the department under this section
7 are transferred to the Washington State University extension energy
8 program. At the earliest date practicable and no later than June 30,
9 2017, the department must transfer all records necessary for the
10 administration of the remaining incentive payments due under this
11 section to the Washington State University extension energy program.

12 (10) Participants in the renewable energy investment cost
13 recovery program under this section shall continue to receive
14 payments for electricity produced through June 30, 2020, at the same
15 rates their utility paid to participants for electricity produced
16 between July 1, 2015, and June 30, 2016.

17 (11) In order to continue to receive the incentive payment
18 allowed under subsection (4) of this section, a person or community
19 solar project administrator who has, by June 30, 2017, submitted a
20 complete certification to the department under subsection (2) of this
21 section must apply to the Washington State University extension
22 energy program by April 30, 2018, for a certification authorizing the
23 utility serving the situs of the renewable energy system to annually
24 remit the incentive payment allowed under subsection (4) of this
25 section for each kilowatt-hour generated by the renewable energy
26 system through June 30, 2020.

27 (12)(a) The Washington State University extension energy program
28 must establish an application process and form by which to collect
29 the system operation data described in section 6(7)(c) of this act
30 from each person or community solar project administrator applying
31 for a certification under subsection (11) of this section. The
32 Washington State University extension energy program must notify any
33 applicant that providing this data is a condition of certification
34 and that any certification issued pursuant to this section is void as
35 of June 30, 2018, if the applicant has failed to provide the data by
36 that date.

37 (b) Beginning July 1, 2018, the Washington State University
38 extension energy program must, in a form and manner that is
39 consistent with the roles and processes established under section 6
40 (19) and (20) of this act, calculate for the year and provide to the

1 utility the amount of the incentive payment due to each participant
2 under subsection (11) of this section.

3 **Sec. 4.** RCW 82.16.130 and 2010 c 202 s 3 are each amended to
4 read as follows:

5 (1) A light and power business (~~(shall be)~~) is allowed a credit
6 against taxes due under this chapter in an amount equal to
7 (~~(investment cost recovery)~~):

8 (a) Incentive payments made in any fiscal year under RCW
9 82.16.120 and section 6 of this act; and

10 (b) Any fees a utility is allowed to recover pursuant to section
11 6(5) of this act.

12 (2) The credits (~~(shall)~~) must be taken in a form and manner as
13 required by the department. The credit under this section for the
14 fiscal year may not exceed (~~(one-half)~~) two percent of the
15 businesses' taxable power sales generated in calendar year 2014 and
16 due under RCW 82.16.020(1)(b) or (~~(one)~~) two hundred fifty thousand
17 dollars, whichever is greater. (~~Incentive payments to participants~~
18 in a utility owned community solar project as defined in RCW
19 82.16.110(2)(a)(ii) may only account for up to twenty five percent of
20 the total allowable credit. Incentive payments to participants in a
21 company owned community solar project as defined in RCW
22 82.16.110(2)(a)(iii) may only account for up to five percent of the
23 total allowable credit.))

24 (3) The credit may not exceed the tax that would otherwise be due
25 under this chapter. Refunds (~~(shall)~~) may not be granted in the place
26 of credits. Expenditures not used to earn a credit in one fiscal year
27 may not be used to earn a credit in subsequent years.

28 ~~((+2))~~ (4) For any business that has claimed credit for amounts
29 that exceed the correct amount of the incentive payable under RCW
30 82.16.120, the amount of tax against which credit was claimed for the
31 excess payments (~~(shall be)~~) is immediately due and payable. The
32 department may deduct amounts due from future credits claimed by the
33 business.

34 (a) Except as provided in (b) of this subsection, the department
35 (~~(shall)~~) must assess interest but not penalties on the taxes against
36 which the credit was claimed. Interest (~~(shall)~~) must be assessed at
37 the rate provided for delinquent excise taxes under chapter 82.32
38 RCW, retroactively to the date the credit was claimed, and (~~(shall)~~)

1 accrues until the taxes against which the credit was claimed are
2 repaid.

3 ~~((3))~~ (b) A business is not liable for excess payments made in
4 reliance on amounts reported by the Washington State University
5 extension energy program as due and payable as provided under section
6 6(20) of this act, if such amounts are later found to be abnormal or
7 inaccurate due to no fault of the business.

8 (5) The amount of credit taken under this section is not
9 confidential taxpayer information under RCW 82.32.330 and is subject
10 to disclosure.

11 (6) The right to earn tax credits (~~under this section~~) for
12 incentive payments made under RCW 82.16.120 expires June 30, 2020.
13 Credits may not be claimed after June 30, 2021.

14 (7) The right to earn tax credits for incentive payments made
15 under section 6 of this act expires June 30, (~~2020~~) 2028. Credits
16 may not be claimed after June 30, (~~2021~~) 2029.

17 NEW SECTION. Sec. 5. A new section is added to chapter 82.16
18 RCW to read as follows:

19 The definitions in this section apply throughout this section and
20 sections 6 through 8 of this act unless the context clearly requires
21 otherwise.

22 (1) "Administrator" means the utility, nonprofit, or other local
23 housing authority that organizes and administers a community solar
24 project as provided in sections 6 and 7 of this act.

25 (2) "Certification" means the authorization issued by the
26 Washington State University extension energy program establishing a
27 person's eligibility to receive annual incentive payments from the
28 person's utility for the program term.

29 (3) "Commercial-scale system" means a renewable energy system or
30 systems other than a community solar project with a combined
31 nameplate capacity greater than twelve kilowatts that meets the
32 applicable system eligibility requirements established in section 6
33 of this act.

34 (4) "Community solar project" means a solar energy system that
35 has a direct current nameplate generating capacity that is no larger
36 than one thousand kilowatts and meets the applicable eligibility
37 requirements established in sections 6 and 7 of this act.

38 (5) "Consumer-owned utility" has the same meaning as in RCW
39 19.280.020.

1 (6) "Customer-owner" means the owner of a residential-scale or
2 commercial-scale renewable energy system, where such owner is not a
3 utility and such owner is a customer of the utility and either owns
4 the premises where the renewable energy system is installed or
5 occupies the premises.

6 (7) "Electric utility" or "utility" means a consumer-owned
7 utility or investor-owned utility as those terms are defined in RCW
8 19.280.020.

9 (8) "Governing body" has the same meaning as provided in RCW
10 19.280.020.

11 (9) "Person" means any individual, firm, partnership,
12 corporation, company, association, agency, or any other legal entity.

13 (10) "Program term" means: (a) For community solar projects,
14 eight years or until cumulative incentive payments for electricity
15 produced by the project reach one hundred percent of the total system
16 price, including applicable sales tax, whichever occurs first; and
17 (b) for other renewable energy systems, eight years or until
18 cumulative incentive payments for electricity produced by a system
19 reach fifty percent of the total system price, including applicable
20 sales tax, whichever occurs first.

21 (11) "Renewable energy system" means a solar energy system,
22 including a community solar project, an anaerobic digester as defined
23 in RCW 82.08.900, or a wind generator used for producing electricity.

24 (12) "Residential-scale system" means a renewable energy system
25 or systems located at a single situs with combined nameplate capacity
26 of twelve kilowatts or less that meets the applicable system
27 eligibility requirements established in section 6 of this act.

28 (13) "Shared commercial solar project" means a solar energy
29 system with a combined nameplate capacity of greater than one
30 megawatt and not more than five megawatts and meets the applicable
31 eligibility requirements established in sections 6 and 8 of this act.

32 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.16
33 RCW to read as follows:

34 (1) Beginning July 1, 2017, the following persons may submit a
35 one-time application to the Washington State University extension
36 energy program to receive a certification authorizing the utility
37 serving the situs of a renewable energy system in the state of
38 Washington to remit an annual production incentive for each kilowatt-

1 hour of alternating current electricity generated by the renewable
2 energy system:

3 (a) The utility's customer who is the customer-owner of a
4 residential-scale or commercial-scale renewable energy system;

5 (b) An administrator of a community solar project meeting the
6 eligibility requirements outlined in section 7 of this act and
7 applies for certification on behalf of each of the project
8 participants; or

9 (c) A utility or a business under contract with a utility that
10 administers a shared commercial solar project that meets the
11 eligibility requirements in section 8 of this act and applies for
12 certification on behalf of each of the project participants.

13 (2) No person, business, or household is eligible to receive
14 incentive payments provided under subsection (1) of this section of
15 more than five thousand dollars per year for residential systems or
16 community solar projects, twenty-five thousand dollars per year for
17 commercial-scale systems, or fifty thousand dollars per year for
18 shared commercial solar projects.

19 (3)(a) No new certification may be issued under this section to
20 an applicant who submits a request for or receives an annual
21 incentive payment for a renewable energy system that was certified
22 under RCW 82.16.120, or for a renewable energy system served by a
23 utility that has elected not to participate in the incentive program,
24 as provided in subsection (4) of this section.

25 (b) The Washington State University extension energy program may
26 issue a new certification for an additional system installed at a
27 situs with a previously certified system so long as the new system
28 meets the requirements of this section and its production can be
29 measured separately from the previously certified system.

30 (c) The Washington State University extension energy program may
31 issue a recertification for a residential-scale or commercial-scale
32 system if a customer makes investments resulting in an expansion of
33 the system's nameplate capacity. Such recertification expires on the
34 same day as the original certification for the residential-scale or
35 commercial-scale system and applies to the entire system the
36 incentive rates and program rules in effect as of the date of the
37 recertification.

38 (4) A utility's participation in the incentive program provided
39 in this section is voluntary.

1 (a) A utility electing to participate in the incentive program
2 must notify the Washington State University extension energy program
3 of such election in writing.

4 (b) The utility may terminate its voluntary participation in the
5 production incentive program by providing notice in writing to the
6 Washington State University extension energy program to cease issuing
7 new certifications for renewable energy systems that would be served
8 by that utility.

9 (c) Such notice of termination of participation is effective
10 after fifteen days, at which point the Washington State University
11 extension energy program may not accept new applications for
12 certification of renewable energy systems that would be served by
13 that utility.

14 (d) Upon receiving a utility's notice of termination of
15 participation in the incentive program, the Washington State
16 University extension energy program must report on its web site that
17 customers of that utility are no longer eligible to receive new
18 certifications under the program.

19 (e) A utility's termination of participation does not affect the
20 utility's obligation to continue to make annual incentive payments
21 for electricity generated by systems that were certified prior to the
22 effective date of the notice. The Washington State University
23 extension energy program must continue to process and issue
24 certifications for renewable energy systems that were received by the
25 Washington State University extension energy program before the
26 effective date of the notice of termination.

27 (f) A utility that has terminated participation in the program
28 may resume participation upon filing notice with the Washington State
29 University extension energy program.

30 (5)(a) The Washington State University extension energy program
31 may certify a renewable energy system that is connected to equipment
32 capable of measuring the electricity production of the system and
33 interconnecting with the utility's system in a manner that allows the
34 utility, or the customer at the utility's option, to measure and
35 report to the Washington State University extension energy program
36 the total amount of electricity produced by the renewable energy
37 system.

38 (b) The Washington State University extension energy program must
39 establish a reporting and fee-for-service system to accept
40 electricity production data from the utility or the customer that is

1 not reported electronically and with the reporting entity selected at
2 the utility's option as described in subsection (19) of this section.
3 The fee-for-service agreement must allow for electronic reporting or
4 reporting by mail, may be specific to individual utilities, and must
5 recover only the program's costs of obtaining the electricity
6 production data and incorporating it into an electronic format. A
7 statement of the amount due for the fee-for-service must be provided
8 to the utility by the Washington State University extension energy
9 program with the report provided to the utility pursuant to
10 subsection (20)(a) of this section. The utility may determine how to
11 assess and remit the fee, and the utility may be allowed a credit for
12 fees paid under this subsection (5) against taxes due, as provided in
13 RCW 82.16.130(1).

14 (6) The Washington State University extension energy program may
15 issue a certification authorizing annual incentive payments up to the
16 following annual dollar limits:

17 (a) For community solar projects, five thousand dollars per
18 project participant;

19 (b) For residential-scale systems, five thousand dollars;

20 (c) For commercial-scale systems, twenty-five thousand dollars;
21 and

22 (d) For shared commercial solar projects, up to fifty thousand
23 dollars a year per participant, as determined by the terms of
24 subsection (15) of this section, except that the average payment for
25 all participants in a shared commercial solar project may not exceed
26 thirty-five thousand dollars per participant.

27 (7) To obtain certification under this section, a person must
28 submit to the Washington State University extension energy program an
29 application, including:

30 (a) An affidavit that the applicant has not previously received a
31 notice of eligibility from the department under RCW 82.16.120
32 entitling the applicant to receive annual incentive payments for
33 electricity generated by the renewable energy system at the same
34 meter location;

35 (b) An affidavit of the total price, including applicable sales
36 tax, paid by the applicant for the renewable energy system;

37 (c) System operation data including global positioning system
38 coordinates, tilt, estimated shading, and azimuth;

39 (d) Any other information the Washington State University
40 extension energy program deems necessary in determining eligibility

1 and incentive levels, administering the program, tracking progress
2 toward achieving the limits on program participation established in
3 RCW 82.16.130, or facilitating the review of the performance of the
4 tax preferences by the joint legislative audit and review committee,
5 as described in section 2 of this act; and

6 (e)(i) Except as provided in (e)(ii) of this subsection (7), the
7 date that the renewable energy system received its final electrical
8 inspection from the applicable local jurisdiction, as well as a copy
9 of the permit or, if the permit is available online, the permit
10 number.

11 (ii) The Washington State University extension energy program may
12 waive the requirement in (e)(i) of this subsection (7), accepting an
13 application and granting provisional certification prior to proof of
14 final electrical inspection. Provisional certification expires one
15 hundred eighty days after issuance, unless the applicant submits
16 proof of the final electrical inspection from the applicable local
17 jurisdiction or the Washington State University extension energy
18 program extends the certification, for a term or terms of thirty
19 days, due to extenuating circumstances.

20 (8) No incentive payments may be authorized or accrued until the
21 final electrical inspection and executed interconnection agreement
22 are submitted to the Washington State University extension energy
23 program.

24 (9) Within thirty days of receipt of the application for
25 certification, the Washington State University extension energy
26 program must notify the applicant and, except when a utility is the
27 applicant, the utility serving the situs of the renewable energy
28 system, by mail or electronically, whether certification has been
29 granted. The certification notice must state the rate to be paid per
30 kilowatt-hour of electricity generated by the renewable energy
31 system, as provided in subsection (12) of this section, subject to
32 any applicable cap on total annual payment provided in subsection (6)
33 of this section.

34 (10) Certification is valid for the program term and entitles the
35 applicant or, in the case of a community solar project or shared
36 commercial solar project, the participant, to receive incentive
37 payments for electricity generated from the date the renewable energy
38 system commences operation, or the date the system is certified,
39 whichever date is later. For purposes of this subsection, the
40 Washington State University extension energy program must define when

1 a renewable energy system commences operation and provide notice of
2 such date to the recipient and the utility serving the situs of the
3 system. Certification may not be retroactively changed except to
4 correct later discovered errors that were made during the original
5 application or certification process.

6 (11)(a) System certification follows the system if the following
7 conditions are met using procedures established by the Washington
8 State University extension energy program:

9 (i) The renewable energy system is transferred to a new owner who
10 notifies the Washington State University extension energy program of
11 the transfer; and

12 (ii) The new owner provides an executed interconnection agreement
13 with the utility serving the premises.

14 (b) In the event that a community solar project participant
15 terminates their participation in a community solar project, the
16 system certification follows the system and participation may be
17 transferred to a new participant. The administrator of a community
18 solar project must provide notice to the Washington State University
19 extension energy program of any changes or transfers in project
20 participation.

21 (12) The Washington State University extension energy program
22 must determine the total incentive rate for a new renewable energy
23 system certification by adding to the base rate any applicable made-
24 in-Washington bonus rate. A made-in-Washington bonus rate is provided
25 for a renewable energy system or a community solar project with solar
26 modules made in Washington or with a wind turbine or tower that is
27 made in Washington. Both the base rates and bonus rate vary,
28 depending on the fiscal year in which the system is certified and the
29 type of renewable energy system being certified, as provided in the
30 following table:

31 Fiscal year	Base rate -	Base rate -	Base rate -	Base rate - shared	Made in
32 of system	residential-scale	commercial-scale	community solar	commercial solar	Washington
33 certification					bonus
34 2018	\$0.16	\$0.06	\$0.16	\$0.06	\$0.05
35 2019	\$0.14	\$0.04	\$0.14	\$0.04	\$0.04
36 2020	\$0.12	\$0.02	\$0.12	\$0.02	\$0.03
37 2021	\$0.10	\$0.02	\$0.10	\$0.02	\$0.02

1 (13) The Washington State University extension energy program
2 must cease to issue new certifications:

3 (a) For community solar projects and shared commercial solar
4 projects in any fiscal year for which the Washington State University
5 extension energy program estimates that fifty percent of the
6 remaining funds for credit available to a utility for renewable
7 energy systems certified under this section as of July 1, 2017, have
8 been allocated to community solar projects and shared commercial
9 solar projects combined;

10 (b) For commercial-scale systems in any fiscal year for which the
11 Washington State University extension energy program estimates that
12 twenty-five percent of the remaining funds for credit available to a
13 utility for renewable energy systems certified under this section as
14 of July 1, 2017, have been allocated to commercial-scale systems; and

15 (c) For any renewable energy system served by a utility, if
16 certification is likely to result in incentive payments by that
17 utility, including payments made under RCW 82.16.120, exceeding the
18 utility's available funds for credit under RCW 82.16.130.

19 (14) If the Washington State University extension energy program
20 ceases issuing new certifications during a fiscal year or biennium as
21 provided in subsection (13) of this section, in the following fiscal
22 year or biennium, or when additional funds are available for credit
23 such that the thresholds described in subsection (13) of this section
24 are no longer exceeded, the Washington State University extension
25 energy program must resume issuing new certifications using a method
26 of awarding certifications that results in equitable and orderly
27 allocation of benefits to applicants.

28 (15) A customer who is a participant in a shared commercial solar
29 project may not receive incentive payments associated with the
30 project greater than the difference between the levelized cost of
31 energy output of the system over its production life and the retail
32 rate for the rate class to which the customer belongs. The levelized
33 cost of the output of the energy must be determined by the utility
34 that administers the shared commercial solar project and must be
35 disclosed, along with an explanation of the limitations on incentive
36 payments contained in this subsection (15), in the contractual
37 agreement with the shared commercial solar project participants.

38 (16) In order to begin to receive annual incentive payments, a
39 person who has been issued a certification for the incentive as
40 provided in subsection (9) of this section must obtain an executed

1 interconnection agreement with the utility serving the situs of the
2 renewable energy system.

3 (17) The Washington State University extension energy program
4 must establish a list of equipment that is eligible for the bonus
5 rates described in subsection (12) of this section. The Washington
6 State University extension energy program must, in consultation with
7 the department of commerce, develop technical specifications and
8 guidelines to ensure consistent and predictable determination of
9 eligibility. A solar module is made in Washington for purposes of
10 receiving the bonus rate only if the lamination of the module takes
11 place in Washington. A wind turbine is made in Washington only if it
12 is powered by a turbine or built with a tower manufactured in
13 Washington.

14 (18) The manufacturer of a renewable energy system component
15 subject to a bonus rate under subsection (12) of this section may
16 apply to the Washington State University extension energy program to
17 receive a determination of eligibility for such bonus rates. The
18 Washington State University extension energy program must publish a
19 list of components that have been certified as eligible for such
20 bonus rates. The Washington State University extension energy program
21 may assess an equipment certification fee to recover its costs. The
22 Washington State University extension energy program must deposit all
23 revenue generated by this fee into the state general fund.

24 (19) Annually, the utility must report electronically to the
25 Washington State University extension energy program the amount of
26 gross kilowatt-hours generated by each renewable energy system since
27 the prior annual report. For the purposes of this section, to report
28 electronically means to submit statistical or factual information in
29 alphanumeric form through a web site established by the Washington
30 State University extension energy program or in a list, table,
31 spreadsheet, or other nonnarrative format that can be digitally
32 transmitted or processed. The utility may instead opt to report by
33 mail or require program participants to report individually, but if
34 the utility exercises one or more of these options it must negotiate
35 with the Washington State University extension energy program the
36 fee-for-service arrangement described in subsection (5)(b) of this
37 section.

38 (20)(a) The Washington State University extension energy program
39 must calculate for the year and provide to the utility the amount of
40 the incentive payment due to each participant and the total amount of

1 credit against tax due available to the utility under RCW 82.16.130
2 that has been allocated as annual incentive payments. Upon notice to
3 the Washington State University extension energy program, a utility
4 may opt to directly perform this calculation and provide its results
5 to the Washington State University extension energy program.

6 (b) If the Washington State University extension energy program
7 identifies an abnormal production claim, it must notify the utility,
8 the department of revenue, and the applicant, and must recommend
9 withholding payment until the applicant has demonstrated that the
10 production claim is accurate and valid. The utility is not liable to
11 the customer for withholding payments pursuant to such recommendation
12 unless and until the Washington State University extension energy
13 program notifies the utility to resume incentive payments.

14 (21)(a) The utility must issue the incentive payment within
15 ninety days of receipt of the information required under subsection
16 (20)(a) of this section from the Washington State University
17 extension energy program. The utility must resume the incentive
18 payments withheld under subsection (20)(b) of this section within
19 thirty days of receiving notice from the Washington State University
20 extension energy program that the claim has been demonstrated
21 accurate and valid and payment should be resumed.

22 (b) A utility is not liable for incentive payments to a customer-
23 owner if the utility has disconnected the customer due to a violation
24 of a customer service agreement, such as nonpayment of the customer's
25 bill, or a violation of an interconnection agreement.

26 (22) Beginning January 1, 2018, the Washington State University
27 extension energy program must post on its web site and update at
28 least monthly a report, by utility, of:

29 (a) The number of certifications issued for renewable energy
30 systems, including estimated system sizes, costs, and annual energy
31 production and incentive yields for various system types; and

32 (b) An estimate of the amount of credit that has not yet been
33 allocated for incentive payments under each utility's credit limit
34 and remains available for new renewable energy system certifications.

35 (23) Persons receiving incentive payments under this section must
36 keep and preserve, for a period of five years for the duration of the
37 consumer contract, suitable records as may be necessary to determine
38 the amount of incentive payments applied for and received. The
39 Washington State University extension energy program may direct a
40 utility to cease issuing incentive payments if the records are not

1 made available for examination upon request. A utility receiving such
2 a directive is not liable to the applicant for any incentive payments
3 or other damages for ceasing payments pursuant to the directive.

4 (24) The nonpower attributes of the renewable energy system
5 belong to the utility customer who owns or hosts the system or, in
6 the case of a community solar project or a shared commercial solar
7 project, the participant, and can be kept, sold, or transferred at
8 the utility customer's discretion unless, in the case of a utility-
9 owned community solar or shared commercial solar project, a contract
10 between the customer and the utility clearly specifies that the
11 attributes will be retained by the utility.

12 (25) All lists, technical specifications, determinations, and
13 guidelines developed under this section must be made publicly
14 available online by the Washington State University extension energy
15 program.

16 (26) No certification may be issued under this section after June
17 30, 2021.

18 (27) The Washington State University extension energy program
19 must collect a one-time fee for applications submitted under
20 subsection (1) of this section of one hundred dollars per applicant.
21 The Washington State University extension energy program must deposit
22 all revenue generated by this fee into the state general fund. The
23 Washington State University extension energy program must administer
24 and budget for the program established in RCW 82.16.120, this
25 section, and section 7 of this act in a manner that ensures its
26 administrative costs through June 30, 2022, are completely met by the
27 revenues from this fee. If the Washington State University extension
28 energy program determines that the fee authorized in this subsection
29 is insufficient to cover the administrative costs through June 30,
30 2022, the Washington State University extension energy program must
31 report to the legislature on costs incurred and fees collected and
32 demonstrate why a different fee amount or funding mechanism should be
33 authorized.

34 (28) The Washington State University extension energy program
35 may, through a public process, develop any program requirements,
36 policies, and processes necessary for the administration or
37 implementation of this section, RCW 82.16.120, and sections 2 and 7
38 of this act. The department is authorized, in consultation with the
39 Washington State University extension energy program, to adopt any

1 rules necessary for administration or implementation of the program
2 established under this section and section 7 of this act.

3 (29) Applications, certifications, requests for incentive
4 payments under this section, and the information contained therein
5 are not deemed tax information under RCW 82.32.330 and are subject to
6 disclosure.

7 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.16
8 RCW to read as follows:

9 (1) The purpose of community solar programs is to facilitate
10 broad, equitable community investment in and access to solar power.
11 Beginning July 1, 2017, a community solar administrator may organize
12 and administer a community solar project as provided in this section.

13 (2) A community solar project must have a direct current
14 nameplate capacity that is no more than one thousand kilowatts and
15 must have at least ten participants or one participant for every ten
16 kilowatts of direct current nameplate capacity, whichever is greater.
17 A community solar project that has a direct current nameplate
18 capacity greater than five hundred kilowatts must be subject to a
19 standard interconnection agreement with the utility serving the situs
20 of the community solar project. Except for community solar projects
21 authorized under subsection (9) of this section, each participant
22 must be a customer of the utility providing service at the situs of
23 the community solar project.

24 (3) The administrator of a community solar project must
25 administer the project in a transparent manner that allows for fair
26 and nondiscriminatory opportunity for participation by utility
27 customers.

28 (4) The administrator of a community solar project may establish
29 a reasonable fee to cover costs incurred in organizing and
30 administering the community solar project. Project participants,
31 prior to making the commitment to participate in the project, must be
32 given clear and conspicuous notice of the portion of the incentive
33 payment that will be used for this purpose.

34 (5) The administrator of a community solar project must maintain
35 and update annually through June 30, 2031, the following information
36 for each project it operates or administers:

- 37 (a) Ownership information;
- 38 (b) Contact information for technical management questions;
- 39 (c) Business address;

1 (d) Project design details, including project location, output
2 capacity, equipment list, and interconnection information; and

3 (e) Subscription information, including rates, fees, terms, and
4 conditions.

5 (6) The administrator of a community solar project must provide
6 the information required in subsection (5) of this section to the
7 Washington State University extension energy program at the time it
8 submits the application allowed under section 6(1) of this act.

9 (7) The administrator of a community solar project must provide
10 each project participant with a disclosure form containing all
11 material terms and conditions of participation in the project,
12 including but not limited to the following:

13 (a) Plain language disclosure of the terms under which the
14 project participant's share of any incentive payment will be
15 calculated by the Washington State University extension energy
16 program over the life of the contract;

17 (b) Contract provisions regulating the disposition or transfer of
18 the project participant's interest in the project, including any
19 potential costs associated with such a transfer;

20 (c) All recurring and nonrecurring charges;

21 (d) A description of the billing and payment procedures;

22 (e) A description of any compensation to be paid in the event of
23 project underperformance;

24 (f) Current production projections and a description of the
25 methodology used to develop the projections;

26 (g) Contact information for questions and complaints; and

27 (h) Any other terms and conditions of the services provided by
28 the administrator.

29 (8) For the purposes of an interconnection agreement, a utility
30 may not adopt rates, terms, conditions, or standards that unduly or
31 unreasonably discriminate between utility-administered community
32 solar projects and those administered by another entity.

33 (9) A public utility district that is engaged in distributing
34 electricity to more than one retail electric customer in the state
35 and a joint operating agency organized under chapter 43.52 RCW on or
36 before January 1, 2017, may enter into an agreement with each other
37 to construct and own a community solar project that is located on
38 property owned by a joint operating agency or on property that
39 receives electric service from a participating public utility
40 district. Each participant of a community solar project under this

1 subsection must be a customer of at least one of the public utility
2 districts that is a party to the agreement with a joint operating
3 agency to construct and own a community solar project.

4 (10) The Washington utilities and transportation commission must
5 publish, without disclosing proprietary information, a list of the
6 following:

7 (a) Entities other than utilities, including affiliates or
8 subsidiaries of utilities, that organize and administer community
9 solar projects; and

10 (b) Community solar projects and related programs and services
11 offered by investor-owned utilities.

12 (11) If a consumer-owned utility opts to provide a community
13 solar program or contracts with a nonutility administrator to offer a
14 community solar program, the governing body of the consumer-owned
15 utility must publish, without disclosing proprietary information, a
16 list of the nonutility administrators contracted by the utility as
17 part of its community solar program.

18 (12) Except for parties engaged in actions and transactions
19 regulated under laws administered by other authorities and exempted
20 under RCW 19.86.170, a violation of this section constitutes an
21 unfair or deceptive act in trade or commerce in violation of chapter
22 19.86 RCW, the consumer protection act. Acts in violation of this act
23 are not reasonable in relation to the development and preservation of
24 business, and constitute matters vitally affecting the public
25 interest for the purpose of applying the consumer protection act,
26 chapter 19.86 RCW.

27 (13) Nothing in this section may be construed as intending to
28 preclude persons from investing in or possessing an ownership
29 interest in a community solar project, or from applying for and
30 receiving federal investment tax credits.

31 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.16
32 RCW to read as follows:

33 (1) The purpose of a shared commercial solar project is to
34 provide an entry point in solar utilization by large load customers
35 in a manner that achieves economies of scale and maximizes system
36 performance without limitations posed by on-site systems where sun
37 exposure is not optimal or structural and other site deficiencies
38 preclude solar development.

1 (2) Beginning July 1, 2017, a utility may organize and administer
2 a shared commercial solar project as provided in this section.

3 (3) A shared commercial solar project must have a direct current
4 nameplate capacity greater than one megawatt and no more than five
5 megawatts and must have at least five participants. Each participant
6 must be a customer of the utility providing service at the situs of
7 the shared commercial solar project.

8 (4) The administrator of a shared commercial solar project must
9 administer the project in a transparent manner.

10 (5) The administrator of a shared commercial solar project may
11 establish a reasonable fee to cover costs incurred in organizing and
12 administering the shared commercial solar project. Project
13 participants, prior to making the commitment to participate in the
14 project, must be given clear and conspicuous notice of the fees
15 charged by the administrator as authorized under this subsection.

16 (6) The administrator of a shared commercial solar project must
17 submit to the Washington State University extension energy program at
18 the time it submits an application allowed under section 6(1) of this
19 act project design details, including project location, output
20 capacity, equipment list, and interconnection information.

21 (7) The administrator of a shared commercial solar project must
22 provide each project participant with a disclosure form containing
23 all material terms and conditions of participation in the project,
24 including but not limited to the following:

25 (a) All recurring and nonrecurring charges;

26 (b) A description of the billing and payment procedures;

27 (c) Production projections and a description of the methodology
28 used to develop the projections;

29 (d) An estimate of the project participant's share of any
30 incentive payment over the life of the contract;

31 (e) A description of contract terms that relate to project
32 underperformance;

33 (f) Contract provisions regulating the disposition or transfer of
34 the project participant's interest in the project, including any
35 potential costs associated with such a transfer;

36 (g) Contact information for questions and complaints; and

37 (h) Any other terms and conditions of the services provided by
38 the administrator.

39 (8) If a utility opts to contract with a nonutility administrator
40 to offer a shared commercial solar program, the utility must publish,

1 without disclosing proprietary information, the name of the
2 nonutility administrator contracted by the utility as part of its
3 shared commercial solar program.

4 (9) In order to meet the intent of this act of promoting a
5 sustainable, local renewable energy industry, the legislature prefers
6 award of the majority of the installation of shared commercial solar
7 projects be given to contractors based in Washington state. In the
8 event the majority of the installation of a shared commercial solar
9 project is awarded to out-of-state contractors, the administrator
10 must submit to the Washington State University extension energy
11 program the reasons for using out-of-state contractors, the
12 percentage of installation work performed by out-of-state
13 contractors, and a cost comparison of the installation services
14 performed by out-of-state contractors against the same services
15 performed by Washington-based contractors.

16 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.16
17 RCW to read as follows:

18 (1) Any person who sells a solar module to a customer-owner, or
19 who receives compensation from a customer-owner in exchange for
20 installing a solar module for use in a residential-scale system or
21 commercial-scale system in Washington must provide to the customer-
22 owner current information regarding the tax incentives available to
23 the customer-owner under Washington law, including the scheduled
24 expiration date of any tax incentives and the maximum period of time
25 during which the customer-owner may benefit from any tax incentives,
26 based on the law as it existed on the date of sale or installation of
27 the solar module.

28 (2) The definitions in section 5 of this act apply to this
29 section.

30 (3) For the purposes of this section, "solar module" has the same
31 meaning as provided in RCW 82.16.110.

32 (4) The legislature finds that the practices covered by this
33 section are matters vitally affecting the public interest for the
34 purpose of applying the consumer protection act, chapter 19.86 RCW. A
35 violation of this section is not reasonable in relation to the
36 development and preservation of business and is an unfair or
37 deceptive act or practice in the conduct of trade or commerce and an
38 unfair method of competition. Violations of this section may be

1 enforced by the attorney general under the consumer protection act,
2 chapter 19.86 RCW.

3 NEW SECTION. **Sec. 10.** A new section is added to chapter 80.28
4 RCW to read as follows:

5 The definitions in this section apply throughout this section and
6 section 11 of this act unless the context clearly requires otherwise.

7 (1) "Community solar company" means a person, firm, or
8 corporation, other than an electric utility or a community solar
9 cooperative, that owns a community solar project and provides
10 community solar project services to project participants.

11 (2) "Community solar project" means a solar energy system that
12 has a direct current nameplate generating capacity that is no larger
13 than one thousand kilowatts.

14 (3) "Community solar project services" means the provision of
15 electricity generated by a community solar project, or the provision
16 of the financial benefits associated with electricity generated by a
17 community solar project, to multiple project participants, and may
18 include other services associated with the use of the community solar
19 project such as system monitoring and maintenance, warranty
20 provisions, performance guarantees, and customer service.

21 (4) "Electric utility" means a consumer-owned utility or
22 investor-owned utility as those terms are defined in RCW 19.280.020.

23 (5) "Project participant" means a customer who enters into a
24 lease, power purchase agreement, loan, or other financial agreement
25 with a community solar company in order to obtain a beneficial
26 interest in, other than direct ownership of, a community solar
27 project.

28 (6) "Solar energy system" means any device or combination of
29 devices or elements that rely upon direct sunlight as an energy
30 source for use in the generation of electricity.

31 NEW SECTION. **Sec. 11.** A new section is added to chapter 80.28
32 RCW to read as follows:

33 (1) No community solar company may engage in business in this
34 state except in accordance with the provisions of this chapter.
35 Engaging in business as a community solar company includes
36 advertising, soliciting, offering, or entering into an agreement to
37 own a community solar project and provide community solar project
38 services to electric utility customers.

1 (2) A community solar company must register with the commission
2 before engaging in business in this state or applying for
3 certification from the Washington State University extension energy
4 program under section 6(1) of this act. Registration with the
5 commission as a community solar company must occur on an annual
6 basis. The registration must be on a form prescribed by the
7 commission and contain that information as the commission may by rule
8 require, but must include at a minimum:

9 (a) The name and address of the community solar company;

10 (b) The name and address of the community solar company's
11 registered agent, if any;

12 (c) The name, address, and title of each officer or director;

13 (d) The community solar company's most current balance sheet;

14 (e) The community solar company's latest annual report, if any;

15 (f) A description of the services the community solar company
16 offers or intends to offer, including financing models; and

17 (g) Disclosure of any pending litigation against it.

18 (3) As a precondition to registration, the commission may require
19 the procurement of a performance bond or other mechanism sufficient
20 to cover any advances or deposits the community solar company may
21 collect from project participants or order that the advances or
22 deposits be held in escrow or trust.

23 (4) The commission may deny registration to any community solar
24 company that:

25 (a) Does not provide the information required by this section;

26 (b) Fails to provide a performance bond or other mechanism, if
27 required;

28 (c) Does not possess adequate financial resources to provide the
29 proposed service; or

30 (d) Does not possess adequate technical competency to provide the
31 proposed service.

32 (5) The commission must take action to approve or issue a notice
33 of hearing concerning any application for registration within thirty
34 days after receiving the application. The commission may approve an
35 application with or without a hearing. The commission may deny an
36 application after a hearing.

37 (6) The commission may charge a community solar company an annual
38 application fee to recover the cost of processing applications for
39 registration under this section.

1 (7) The commission may adopt rules that describe the manner by
2 which it will register a community solar company, ensure that the
3 terms and conditions of community solar projects or community solar
4 project services comply with the requirements of this act, establish
5 the community solar company's responsibilities for responding to
6 customer complaints and disputes, and adopt annual reporting
7 requirements. In addition to the application fee authorized under
8 subsection (6) of this section, the commission may adopt regulatory
9 fees applicable to community solar companies pursuant to RCW
10 80.04.080, 80.24.010, and 80.24.020. Such fees may not exceed the
11 cost of ensuring compliance with this chapter.

12 (8) The commission may suspend or revoke a registration upon
13 complaint by any interested party, or upon the commission's own
14 motion after notice and opportunity for hearing, when it finds that a
15 registered community solar company or its agent has violated this
16 chapter or the rules of the commission, or that the community solar
17 company or its agent has been found by a court or governmental agency
18 to have violated the laws of a state or the United States.

19 (9) For the purpose of ensuring compliance with this chapter, the
20 commission may issue penalties against community solar companies for
21 violations of this chapter as provided for public service companies
22 pursuant to chapter 80.04 RCW.

23 (10) Upon request of the commission, a community solar company
24 registered under this section must provide information about its
25 community solar projects or community solar project services.

26 (11) A violation of this section constitutes an unfair or
27 deceptive act in trade or commerce in violation of chapter 19.86 RCW,
28 the consumer protection act. Acts in violation of this act are not
29 reasonable in relation to the development and preservation of
30 business, and constitute matters vitally affecting the public
31 interest for the purpose of applying the consumer protection act,
32 chapter 19.86 RCW.

33 (12) For the purposes of RCW 19.86.170, actions or transactions
34 of a community solar company may not be deemed otherwise permitted,
35 prohibited, or regulated by the commission.

36 NEW SECTION. **Sec. 12.** (1) **Findings.** The legislature finds that
37 a convenient, safe, and environmentally sound system for the
38 recycling of photovoltaic modules, minimization of hazardous waste,
39 and recovery of commercially valuable materials must be established.

1 The legislature further finds that the responsibility for this system
2 must be shared among all stakeholders, with manufacturers financing
3 the takeback and recycling system.

4 (2) **Definitions.** For purposes of this section the following
5 definitions apply:

6 (a) "Consumer electronic device" means any device containing an
7 electronic circuit board that is intended for everyday use by
8 individuals, such as a watch or calculator.

9 (b) "Department" means the department of ecology.

10 (c) "Manufacturer" means any person in business or no longer in
11 business but having a successor in interest who, irrespective of the
12 selling technique used, including by means of distance or remote
13 sale:

14 (i) Manufactures or has manufactured a photovoltaic module under
15 its own brand names for sale in or into this state;

16 (ii) Assembles or has assembled a photovoltaic module that uses
17 parts manufactured by others for sale in or into this state under the
18 assembler's brand names;

19 (iii) Resells or has resold in or into this state under its own
20 brand names a photovoltaic module produced by other suppliers,
21 including retail establishments that sell photovoltaic modules under
22 their own brand names;

23 (iv) Manufactures or has manufactured a cobranded photovoltaic
24 module product for sale in or into this state that carries the name
25 of both the manufacturer and a retailer;

26 (v) Imports or has imported a photovoltaic module into the United
27 States that is sold in or into this state. However, if the imported
28 photovoltaic module is manufactured by any person with a presence in
29 the United States meeting the criteria of manufacturer under (a)
30 through (d) of this subsection, that person is the manufacturer;

31 (vi) Sells at retail a photovoltaic module acquired from an
32 importer that is the manufacturer and elects to register as the
33 manufacturer for those products; or

34 (vii) Elects to assume the responsibility and register in lieu of
35 a manufacturer as defined under (b)(i) through (vi) of this
36 subsection.

37 (d) "Photovoltaic module" means the smallest nondivisible,
38 environmentally protected assembly of photovoltaic cells or other
39 photovoltaic collector technology and ancillary parts intended to
40 generate electrical power under sunlight, except that "photovoltaic

1 module" does not include a photovoltaic cell that is part of a
2 consumer electronic device for which it provides electricity needed
3 to make the consumer electronic device function. "Photovoltaic
4 module" includes but is not limited to interconnections, terminals,
5 and protective devices such as diodes that:

6 (i) Are installed on, connected to, or integral with buildings;
7 or

8 (ii) Are used as components of freestanding, off-grid, power
9 generation systems, such as for powering water pumping stations,
10 electric vehicle charging stations, fencing, street and signage
11 lights, and other commercial or agricultural purposes.

12 (e) "Rare earth element" means lanthanum, cerium, praseodymium,
13 neodymium, promethium, samarium, europium, gadolinium, terbium,
14 dysprosium, holmium, erbium, thulium, ytterbium, lutetium, yttrium,
15 or scandium.

16 (f) "Reuse" means any operation by which a photovoltaic module or
17 a component of a photovoltaic module changes ownership and is used
18 for the same purpose for which it was originally purchased.

19 (g) "Stewardship plan" means the plan developed by a manufacturer
20 or its designated stewardship organization for a self-directed
21 stewardship program.

22 (h) "Stewardship program" means the activities conducted by a
23 manufacturer or a stewardship organization to fulfill the
24 requirements of this chapter and implement the activities described
25 in its stewardship plan.

26 (3) **Program guidance, review, and approval.** The department must
27 develop guidance for a photovoltaic module stewardship and takeback
28 program to guide manufacturers in preparing and implementing a self-
29 directed program to ensure the convenient, safe, and environmentally
30 sound takeback and recycling of photovoltaic modules and their
31 components and materials. By January 1, 2018, the department must
32 establish a process to develop guidance for photovoltaic module
33 stewardship plans by working with manufacturers, stewardship
34 organizations, and other stakeholders on the content, review, and
35 approval of stewardship plans. The department's process must be fully
36 implemented and stewardship plan guidance completed by July 1, 2019.

37 (4) **Stewardship organization as agent of manufacturer.** A
38 stewardship organization may be designated to act as an agent on
39 behalf of a manufacturer or manufacturers in operating and
40 implementing the stewardship program required under this chapter. Any

1 stewardship organization that has obtained such designation must
2 provide to the department a list of the manufacturers and brand names
3 that the stewardship organization represents within sixty days of its
4 designation by a manufacturer as its agent, or within sixty days of
5 removal of such designation.

6 (5) **Stewardship plans.** Each manufacturer must prepare and submit
7 a stewardship plan to the department by the later of January 1, 2020,
8 or within thirty days of its first sale of a photovoltaic module in
9 or into the state.

10 (a) A stewardship plan must, at a minimum:

11 (i) Describe how manufacturers will finance the takeback and
12 recycling system, and include an adequate funding mechanism to
13 finance the costs of collection, management, and recycling of
14 photovoltaic modules and residuals sold in or into the state by the
15 manufacturer with a mechanism that ensures that photovoltaic modules
16 can be delivered to takeback locations without cost to the last owner
17 or holder;

18 (ii) Accept all photovoltaic modules sold in or into the state
19 after July 1, 2017;

20 (iii) Describe how the program will minimize the release of
21 hazardous substances into the environment and maximize the recovery
22 of other components, including rare earth elements and commercially
23 valuable materials;

24 (iv) Provide for takeback of photovoltaic modules at locations
25 that are within the region of the state in which the photovoltaic
26 modules were used and are as convenient as reasonably practicable,
27 and if no such location within the region of the state exists,
28 include an explanation for the lack of such location;

29 (v) Identify how relevant stakeholders, including consumers,
30 installers, building demolition firms, and recycling and treatment
31 facilities, will receive information required in order for them to
32 properly dismantle, transport, and treat the end-of-life photovoltaic
33 modules in a manner consistent with the objectives described in
34 (a)(iii) of this subsection;

35 (vi) Establish performance goals, including a goal for the rate
36 of combined reuse and recycling of collected photovoltaic modules as
37 a percentage of the total weight of photovoltaic modules collected,
38 which rate must be no less than eighty-five percent.

39 (b) A manufacturer must implement the stewardship plan.

1 (c) A manufacturer may periodically amend its stewardship plan.
2 The department must approve the amendment if it meets the
3 requirements for plan approval outlined in the department's guidance.
4 When submitting proposed amendments, the manufacturer must include an
5 explanation of why such amendments are necessary.

6 (6) **Plan approval.** The department must approve a stewardship plan
7 if it determines the plan addresses each element outlined in the
8 department's guidance.

9 (7) **Annual report.** (a) Beginning April 1, 2022, and by April 1st
10 in each subsequent year, a manufacturer, or its designated
11 stewardship organization, must provide to the department a report for
12 the previous calendar year that documents implementation of the plan
13 and assesses achievement of the performance goals established in
14 subsection (5)(a)(vi) of this section.

15 (b) The report may include any recommendations to the department
16 or the legislature on modifications to the program that would enhance
17 the effectiveness of the program, including management of program
18 costs and mitigation of environmental impacts of photovoltaic
19 modules.

20 (c) The manufacturer or stewardship organization must post this
21 report on a publicly accessible web site.

22 (8) **Enforcement.** Beginning January 1, 2021, no manufacturer may
23 sell or offer for sale a photovoltaic module in or into the state
24 unless the manufacturer has submitted to the department a stewardship
25 plan and received plan approval. The department must send a written
26 warning to a manufacturer that is not participating in a plan. The
27 written warning must inform the manufacturer that it must submit a
28 plan or participate in a plan within thirty days of the notice. The
29 department may assess a penalty of up to ten thousand dollars for
30 each sale of a photovoltaic module in or into the state that occurs
31 after the initial written warning. A manufacturer may appeal a
32 penalty issued under this section to the superior court of Thurston
33 county within one hundred eighty days of receipt of the notice.

34 (9) **Fee.** The department may collect a flat fee from participating
35 manufacturers to recover costs associated with the plan guidance,
36 review, and approval process described in subsection (3) of this
37 section. Other administrative costs incurred by the department for
38 program implementation activities, including stewardship plan review
39 and approval, enforcement, and any rule making, may be recovered by
40 charging every manufacturer an annual fee calculated by dividing

1 department administrative costs by the manufacturer's pro rata share
2 of the Washington state photovoltaic module sales in the most recent
3 preceding calendar year, based on best available information. The
4 sole purpose of assessing the fees authorized in this subsection is
5 to predictably and adequately fund the department's costs of
6 administering the photovoltaic module recycling program.

7 (10) **Account.** The photovoltaic module recycling account is
8 created in the custody of the state treasurer. All fees collected
9 from manufacturers under this chapter must be deposited in the
10 account. Expenditures from the account may be used only for
11 administering this chapter. Only the director of the department or
12 the director's designee may authorize expenditures from the account.
13 The account is subject to the allotment procedures under chapter
14 43.88 RCW, but an appropriation is not required for expenditures.
15 Funds in the account may not be diverted for any purpose or activity
16 other than those specified in this section.

17 (11) **Rule making.** The department may adopt rules as necessary for
18 the purpose of implementing, administering, and enforcing this
19 chapter.

20 (12) **National program.** In lieu of preparing a stewardship plan
21 and as provided by subsection (5) of this section, a manufacturer may
22 participate in a national program for the convenient, safe, and
23 environmentally sound takeback and recycling of photovoltaic modules
24 and their components and materials, if substantially equivalent to
25 the intent of the state program. The department may determine
26 substantial equivalence if it determines that the national program
27 adequately addresses and fulfills each of the elements of a
28 stewardship plan outlined in subsection (5)(a) of this section and
29 includes an enforcement mechanism reasonably calculated to ensure a
30 manufacturer's compliance with the national program. Upon issuing a
31 determination of substantial equivalence, the department must notify
32 affected stakeholders including the manufacturer. If the national
33 program is discontinued or the department determines the national
34 program is no longer substantially equivalent to the state program in
35 Washington, the department must notify the manufacturer and the
36 manufacturer must provide a stewardship plan as described in
37 subsection (5)(a) of this section to the department for approval
38 within thirty days of notification.

1 NEW SECTION. **Sec. 13.** A new section is added to chapter 43.180
2 RCW to read as follows:

3 (1) It is the intent of the legislature to investigate methods by
4 which the state may establish or facilitate financing models that
5 allow electric utilities in the state to maximize federal tax
6 incentives and monetize the depreciation of renewable energy systems
7 and other distributed energy assets, with the goal of providing
8 improved access to the benefits of these assets to low and moderate
9 income households as well as broad system benefits to utility
10 ratepayers and state taxpayers.

11 (2) By December 31, 2017, the commission must prepare and submit
12 to the appropriate committees of the legislature a report that
13 assesses financing tools or models for the aggregation, by public or
14 private entities, of federal tax incentives and other financial
15 benefits accruing from the installation, ownership, and operation of
16 renewable energy systems and other distributed energy resources. The
17 report must:

18 (a) Assess the legal, financial, and economic feasibility of one
19 or more financing tools or models for the aggregation of federal tax
20 incentives and other financial benefits accruing from the
21 installation, ownership, and operation of renewable energy systems
22 and other distributed energy resources;

23 (b) Consider the state and federal legal aspects of such a
24 financing tool or model, including considerations of how to structure
25 the role of the state or any subdivision of the state in a manner
26 that is consistent with the Constitution of the state of Washington;
27 and

28 (c) Describe any legislation that may be necessary to facilitate,
29 implement, or create incentives for the private sector to implement
30 such a financing tool or model within the state.

31 (3) Beginning July 1, 2018, the commission may implement a
32 financing tool or model for the aggregation, by public or private
33 entities, of federal tax incentives and other financial benefits
34 accruing from the installation, ownership, and operation of renewable
35 energy systems and other distributed energy resources if the
36 commission determines that it is legally, financially, and
37 economically feasible and that it would further the public policy
38 goals set forth in subsection (1) of this section.

1 **Sec. 14.** RCW 82.08.962 and 2013 2nd sp.s. c 13 s 1502 are each
2 amended to read as follows:

3 (1)(a) Except as provided in RCW 82.08.963, purchasers who have
4 paid the tax imposed by RCW 82.08.020 on machinery and equipment used
5 directly in generating electricity using fuel cells, wind, sun,
6 biomass energy, tidal or wave energy, geothermal resources, anaerobic
7 digestion, technology that converts otherwise lost energy from
8 exhaust, or landfill gas as the principal source of power, or to
9 sales of or charges made for labor and services rendered in respect
10 to installing such machinery and equipment, are eligible for an
11 exemption as provided in this section, but only if the purchaser
12 develops with such machinery, equipment, and labor a facility capable
13 of generating not less than one thousand watts of electricity.

14 (b) Beginning on July 1, 2009, through June 30, 2011, the tax
15 levied by RCW 82.08.020 does not apply to the sale of machinery and
16 equipment described in (a) of this subsection that are used directly
17 in generating electricity or to sales of or charges made for labor
18 and services rendered in respect to installing such machinery and
19 equipment.

20 (c) Beginning on July 1, 2011, through January 1, 2020, the
21 amount of the exemption under this subsection (1) is equal to
22 seventy-five percent of the state and local sales tax paid. The
23 purchaser is eligible for an exemption under this subsection (1)(c)
24 in the form of a remittance.

25 (2) For purposes of this section and RCW 82.12.962, the following
26 definitions apply:

27 (a) "Biomass energy" includes: (i) By-products of pulping and
28 wood manufacturing process; (ii) animal waste; (iii) solid organic
29 fuels from wood; (iv) forest or field residues; (v) wooden demolition
30 or construction debris; (vi) food waste; (vii) liquors derived from
31 algae and other sources; (viii) dedicated energy crops; (ix)
32 biosolids; and (x) yard waste. "Biomass energy" does not include wood
33 pieces that have been treated with chemical preservatives such as
34 creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old
35 growth forests; or municipal solid waste.

36 (b) "Fuel cell" means an electrochemical reaction that generates
37 electricity by combining atoms of hydrogen and oxygen in the presence
38 of a catalyst.

39 (c) "Landfill gas" means biomass fuel, of the type qualified for
40 federal tax credits under Title 26 U.S.C. Sec. 29 of the federal

1 internal revenue code, collected from a "landfill" as defined under
2 RCW 70.95.030.

3 (d)(i) "Machinery and equipment" means fixtures, devices, and
4 support facilities that are integral and necessary to the generation
5 of electricity using fuel cells, wind, sun, biomass energy, tidal or
6 wave energy, geothermal resources, anaerobic digestion, technology
7 that converts otherwise lost energy from exhaust, or landfill gas as
8 the principal source of power.

9 (ii) "Machinery and equipment" does not include: (A) Hand-powered
10 tools; (B) property with a useful life of less than one year; (C)
11 repair parts required to restore machinery and equipment to normal
12 working order; (D) replacement parts that do not increase
13 productivity, improve efficiency, or extend the useful life of
14 machinery and equipment; (E) buildings; or (F) building fixtures that
15 are not integral and necessary to the generation of electricity that
16 are permanently affixed to and become a physical part of a building.

17 (3)(a) Machinery and equipment is "used directly" in generating
18 electricity by wind energy, solar energy, biomass energy, tidal or
19 wave energy, geothermal resources, anaerobic digestion, technology
20 that converts otherwise lost energy from exhaust, or landfill gas
21 power if it provides any part of the process that captures the energy
22 of the wind, sun, biomass energy, tidal or wave energy, geothermal
23 resources, anaerobic digestion, technology that converts otherwise
24 lost energy from exhaust, or landfill gas, converts that energy to
25 electricity, and stores, transforms, or transmits that electricity
26 for entry into or operation in parallel with electric transmission
27 and distribution systems.

28 (b) Machinery and equipment is "used directly" in generating
29 electricity by fuel cells if it provides any part of the process that
30 captures the energy of the fuel, converts that energy to electricity,
31 and stores, transforms, or transmits that electricity for entry into
32 or operation in parallel with electric transmission and distribution
33 systems.

34 (4)(a) A purchaser claiming an exemption in the form of a
35 remittance under subsection (1)(c) of this section must pay the tax
36 imposed by RCW 82.08.020 and all applicable local sales taxes imposed
37 under the authority of chapters 82.14 and 81.104 RCW. The purchaser
38 may then apply to the department for remittance in a form and manner
39 prescribed by the department. A purchaser may not apply for a
40 remittance under this section more frequently than once per quarter.

1 The purchaser must specify the amount of exempted tax claimed and the
2 qualifying purchases for which the exemption is claimed. The
3 purchaser must retain, in adequate detail, records to enable the
4 department to determine whether the purchaser is entitled to an
5 exemption under this section, including: Invoices; proof of tax paid;
6 and documents describing the machinery and equipment.

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

12 (5) The exemption provided by this section expires June 30, 2017,
13 as it applies to: (a) Machinery and equipment that is used directly
14 in the generation of electricity using solar energy and capable of
15 generating no more than five hundred kilowatts of electricity; or (b)
16 sales of or charges made for labor and services rendered in respect
17 to installing such machinery and equipment.

18 (6) This section expires January 1, 2020.

19 **Sec. 15.** RCW 82.08.963 and 2013 2nd sp.s. c 13 s 1602 are each
20 amended to read as follows:

21 (1) The tax levied by RCW 82.08.020 does not apply to sales of
22 machinery and equipment used directly in generating electricity or
23 producing thermal heat using solar energy, or to sales of or charges
24 made for labor and services rendered in respect to installing such
25 machinery and equipment, but only if the purchaser develops with such
26 machinery, equipment, and labor a facility capable of generating not
27 more than ten kilowatts of electricity or producing not more than
28 three million British thermal units per day and provides the seller
29 with an exemption certificate in a form and manner prescribed by the
30 department. The seller must retain a copy of the certificate for the
31 seller's files. For sellers who electronically file their taxes, the
32 department must provide a separate tax reporting line for exemption
33 amounts claimed by a buyer under this section.

34 (2) For purposes of this section and RCW 82.12.963:

35 (a) "Machinery and equipment" means industrial fixtures, devices,
36 and support facilities that are integral and necessary to the
37 generation of electricity or production and use of thermal heat using
38 solar energy;

1 (b) "Machinery and equipment" does not include: (i) Hand-powered
2 tools; (ii) property with a useful life of less than one year; (iii)
3 repair parts required to restore machinery and equipment to normal
4 working order; (iv) replacement parts that do not increase
5 productivity, improve efficiency, or extend the useful life of
6 machinery and equipment; (v) buildings; or (vi) building fixtures
7 that are not integral and necessary to the generation of electricity
8 that are permanently affixed to and become a physical part of a
9 building;

10 (c) Machinery and equipment is "used directly" in generating
11 electricity with solar energy if it provides any part of the process
12 that captures the energy of the sun, converts that energy to
13 electricity, and stores, transforms, or transmits that electricity
14 for entry into or operation in parallel with electric transmission
15 and distribution systems; and

16 (d) Machinery and equipment is "used directly" in producing
17 thermal heat with solar energy if it uses a solar collector or a
18 solar hot water system that (i) meets the certification standards for
19 solar collectors and solar hot water systems developed by the solar
20 rating and certification corporation; or (ii) is determined by the
21 Washington State University extension whether a solar collector or
22 solar hot water system is an equivalent collector or system.

23 (3) The exemption provided by this section for the sales of
24 machinery and equipment that is used directly in the generation of
25 electricity using solar energy, or for sales of or charges made for
26 labor or services rendered in respect to installing such machinery
27 and equipment, expires June 30, 2017.

28 (4) This section expires June 30, 2018.

29 **Sec. 16.** RCW 82.12.962 and 2013 2nd sp.s. c 13 s 1505 are each
30 amended to read as follows:

31 (1)(a) Except as provided in RCW 82.12.963, consumers who have
32 paid the tax imposed by RCW 82.12.020 on machinery and equipment used
33 directly in generating electricity using fuel cells, wind, sun,
34 biomass energy, tidal or wave energy, geothermal resources, anaerobic
35 digestion, technology that converts otherwise lost energy from
36 exhaust, or landfill gas as the principal source of power, or to
37 sales of or charges made for labor and services rendered in respect
38 to installing such machinery and equipment, are eligible for an
39 exemption as provided in this section, but only if the purchaser

1 develops with such machinery, equipment, and labor a facility capable
2 of generating not less than one thousand watts of electricity.

3 (b) Beginning on July 1, 2009, through June 30, 2011, the
4 provisions of this chapter do not apply in respect to the use of
5 machinery and equipment described in (a) of this subsection that are
6 used directly in generating electricity or to sales of or charges
7 made for labor and services rendered in respect to installing such
8 machinery and equipment.

9 (c) Beginning on July 1, 2011, through January 1, 2020, the
10 amount of the exemption under this subsection (1) is equal to
11 seventy-five percent of the state and local sales tax paid. The
12 consumer is eligible for an exemption under this subsection (1)(c) in
13 the form of a remittance.

14 (2)(a) A person claiming an exemption in the form of a remittance
15 under subsection (1)(c) of this section must pay the tax imposed by
16 RCW 82.12.020 and all applicable local use taxes imposed under the
17 authority of chapters 82.14 and 81.104 RCW. The consumer may then
18 apply to the department for remittance in a form and manner
19 prescribed by the department. A consumer may not apply for a
20 remittance under this section more frequently than once per quarter.
21 The consumer must specify the amount of exempted tax claimed and the
22 qualifying purchases or acquisitions for which the exemption is
23 claimed. The consumer must retain, in adequate detail, records to
24 enable the department to determine whether the consumer is entitled
25 to an exemption under this section, including: Invoices; proof of tax
26 paid; and documents describing the machinery and equipment.

27 (b) The department must determine eligibility under this section
28 based on the information provided by the consumer, which is subject
29 to audit verification by the department. The department must on a
30 quarterly basis remit exempted amounts to qualifying consumers who
31 submitted applications during the previous quarter.

32 (3) Purchases exempt under RCW 82.08.962 are also exempt from the
33 tax imposed under RCW 82.12.020.

34 (4) The definitions in RCW 82.08.962 apply to this section.

35 (5) The exemption provided in subsection (1) of this section does
36 not apply:

37 (a) To machinery and equipment used directly in the generation of
38 electricity using solar energy and capable of generating no more than
39 five hundred kilowatts of electricity, or to sales of or charges made
40 for labor and services rendered in respect to installing such

1 machinery and equipment, when first use within this state of such
2 machinery and equipment, or labor and services, occurs after June 30,
3 2017; and

4 (b) To any other machinery and equipment described in subsection
5 (1)(a) of this section, or to sales of or charges made for labor and
6 services rendered in respect to installing such machinery or
7 equipment, when first use within this state of such machinery and
8 equipment, or labor and services, occurs after December 31, 2019.

9 (6) This section expires January 1, 2020.

10 **Sec. 17.** RCW 82.12.963 and 2013 2nd sp.s. c 13 s 1603 are each
11 amended to read as follows:

12 (1) The provisions of this chapter do not apply with respect to
13 machinery and equipment used directly in generating not more than ten
14 kilowatts of electricity or producing not more than three million
15 British thermal units per day using solar energy, or to the use of
16 labor and services rendered in respect to installing such machinery
17 and equipment.

18 (2) The definitions in RCW 82.08.963 apply to this section.

19 (3) The exemption provided by this section does not apply:

20 (a) To the use of machinery and equipment used directly in the
21 generation of electricity using solar energy, or to the use of labor
22 and services rendered in respect to installing such machinery and
23 equipment, when first use within this state of such machinery and
24 equipment, or labor and services, occurs after June 30, 2017; and

25 (b) To the use of any machinery or equipment used directly in
26 producing thermal heat using solar energy, or to the use of labor and
27 services rendered in respect to installing such machinery or
28 equipment, when first use within this state of such machinery and
29 equipment, or labor and services, occurs after June 30, 2018.

30 (4) This section expires June 30, 2018.

31 NEW SECTION. **Sec. 18.** Section 12 of this act constitutes a new
32 chapter in Title 70 RCW.

33 NEW SECTION. **Sec. 19.** This act is necessary for the immediate
34 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect immediately.

--- END ---