
SUBSTITUTE SENATE BILL 6303

State of Washington

68th Legislature

2024 Regular Session

By Senate Ways & Means (originally sponsored by Senators Nguyen, Boehnke, and Kuderer)

READ FIRST TIME 02/26/24.

1 AN ACT Relating to providing a preferential business and
2 occupation tax rate to encourage energy storage system and component
3 parts manufacturing in Washington; adding a new section to chapter
4 82.04 RCW; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 advance Washington state as a national and worldwide leader in clean
8 energy technology. The legislature recognizes that the state has a
9 unique opportunity to attract manufacturers of energy storage systems
10 and component parts. By providing tax preferences to attract energy
11 storage systems manufacturers to Washington state, this policy
12 supports the production of energy storage systems, which will play an
13 integral role in achieving the state's bold goals for
14 decarbonization. This policy creates a competitive economic
15 environment to produce clean energy, increases Washington state's
16 sustainable energy workforce through creating lasting family-wage
17 jobs in the clean energy sector, and further solidifies Washington
18 state as the gold standard for clean energy policy.

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
20 RCW to read as follows:

1 (1) Beginning July 1, 2025, until June 30, 2040, upon every
2 person engaging within this state in the business of making sales at
3 retail or wholesale of energy storage systems, component parts used
4 in the manufacture of energy storage systems, or both, the amount of
5 tax on such business is equal to the gross proceeds of sales of the
6 product manufactured, multiplied by the rate of 0.275 percent.

7 (2) Beginning July 1, 2025, until June 30, 2040, upon every
8 person engaging within this state in the business of manufacturing
9 energy storage systems, component parts used in the manufacture of
10 energy storage systems, or both, the amount of tax on such business
11 is equal to the value of the products manufactured, multiplied by the
12 rate of 0.275 percent.

13 (3) Beginning July 1, 2025, until June 30, 2040, upon every
14 person engaging within this state as a processor for hire of energy
15 storage systems, component parts used in the manufacture of energy
16 storage systems, or both, the amount of tax on such business is equal
17 to the gross income of the business, multiplied by the rate of 0.275
18 percent.

19 (4) A person reporting under the tax rate provided in this
20 section must electronically file with the department all returns,
21 forms, and other information the department requires in an electronic
22 format as provided or approved by the department. Any return, form,
23 or information required to be filed in an electronic format under
24 this section is not filed until received by the department in an
25 electronic format. As used in this subsection, "returns" has the same
26 meaning as "return" in RCW 82.32.050.

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

30 (6) For the purposes of this section, the following definitions
31 apply.

32 (a) "Energy storage system" means a device or group of devices
33 assembled together, capable of storing energy in order to supply
34 electrical energy at a later time. Energy storage systems include the
35 following categories:

36 (i) Mechanical systems, including pumped hydro energy storage,
37 gravity storage technologies, compressed air energy storage, and
38 flywheels;

39 (ii) Electromechanical systems, including all formulations of
40 lead acid, lithium ion, flow, high temperature, and zinc batteries;

1 (iii) Thermal systems, including molten salt, chilled water,
2 latent-ice, phase change materials, and thermochemicals;

3 (iv) Electrical systems, including super capacitors and
4 superconducting magnetic energy storage systems; and

5 (v) Green electrolytic hydrogen, including the production, sale,
6 and distribution of green electrolytic hydrogen for use in grid
7 stabilizing activities such as power peaking operations.

8 (b) "Component parts used in the manufacture of energy storage
9 systems" means major components of energy storage systems including,
10 but not limited to, cathodes, anodes, separators, membranes,
11 electrolytes, battery modules and packs, battery management systems,
12 silane and other industrial gases, and mechanical devices integral to
13 the operation of energy storage systems.

14 NEW SECTION. **Sec. 3.** RCW 82.32.808 does not apply to section 2
15 of this act.

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