
HOUSE BILL 1106

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Jones, Hargrove, Bowman, Basich and Orr.

Read first time January 18, 1991. Referred to Committee on Revenue.

1 AN ACT Relating to tax deferrals for hotel and motel investment
2 projects; and amending RCW 82.61.010 and 82.61.030.

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

4 **Sec. 1.** RCW 82.61.010 and 1988 c 41 s 1 are each amended to read
5 as follows:

6 Unless the context clearly requires otherwise, the definitions in
7 this section apply throughout this chapter.

8 (1) "Applicant" means a person applying for a tax deferral under
9 this chapter.

10 (2) "Person" has the meaning given in RCW 82.04.030.

11 (3) "Department" means the department of revenue.

12 (4) "Eligible investment project" means:

13 (a) Construction of new buildings and the acquisition of new
14 related machinery and equipment when the buildings, machinery, and

1 equipment are to be used for either tourism accommodations,
2 manufacturing, or research and development activities, which
3 construction is commenced prior to December 31, 1994; or

4 (b) Acquisition prior to December 31, 1994, of new machinery and
5 equipment to be used for either manufacturing or research and
6 development if the machinery and equipment is housed in a new leased
7 structure: PROVIDED, That the lessor/owner of the structure is not
8 eligible for a deferral unless the underlying ownership of the
9 buildings, machinery, and equipment vests exclusively in the same
10 person; or

11 (c) Acquisition of all new or used machinery, equipment, or other
12 personal property for use in the production or casting of aluminum at
13 an aluminum smelter or at facilities related to an aluminum smelter, if
14 the plant was in operation prior to 1975 and has ceased operations or
15 is in imminent danger of ceasing operations for economic reasons, as
16 determined by the department, and if the person applying for a deferral
17 (i) has consulted with any collective bargaining unit that represented
18 employees of the plant pursuant to a collective bargaining agreement
19 that was in effect either immediately prior to the time the plant
20 ceased operations or during the period when the plant was in imminent
21 danger of ceasing operations, on the proposed operation of the plant
22 and on the terms and conditions of employment for wage and salaried
23 employees and (ii) has obtained a written concurrence from the
24 bargaining unit on the decision to apply for a deferral under this
25 chapter; or

26 (d) Modernization projects involving construction, acquisition, or
27 upgrading of equipment or machinery, including services and labor,
28 which are commenced after May 19, 1987, and are intended to increase
29 the operating efficiency of existing plants which are either aluminum
30 smelters or aluminum rolling mills or of facilities related to such

1 plants, if the plant was in operation prior to 1975, and if the person
2 applying for a deferral (i) has consulted with any collective
3 bargaining unit that represents employees of the plant on the proposed
4 operation of the plant and the terms and conditions of employment for
5 wage and salaried employees and (ii) has obtained a written concurrence
6 from the bargaining unit on the decision to apply for a deferral under
7 this chapter.

8 (5) "Manufacturing" means all activities of a commercial or
9 industrial nature wherein labor or skill is applied, by hand or
10 machinery, to materials so that as a result thereof a new, different,
11 or useful substance or article of tangible personal property is
12 produced for sale or commercial or industrial use and includes the
13 production or fabrication of specially made or custom-made articles.

14 (6) "Research and development" means the development, refinement,
15 testing, marketing, and commercialization of a product, service, or
16 process before commercial sales have begun.

17 (7) "Buildings" means only those new structures used for either
18 manufacturing or research and development activities, including plant
19 offices and warehouses or other facilities for the storage of raw
20 materials or finished goods if such facilities are an essential or an
21 integral part of a factory, mill, plant, or laboratory used for
22 manufacturing or research and development purposes. If a building is
23 used partly for manufacturing or research and development and partly
24 for other purposes, the applicable tax deferral shall be determined by
25 apportionment of the costs of construction under rules adopted by the
26 department.

27 (8) "Machinery and equipment" means all industrial and research
28 fixtures, equipment, and support facilities that are an integral and
29 necessary part of a manufacturing or research and development
30 operation. "Qualified machinery and equipment" includes computers;

1 software; data processing equipment; laboratory equipment;
2 manufacturing components such as belts, pulleys, shafts, and moving
3 parts; molds, tools, and dies; operating structures; and all equipment
4 used to control or operate the machinery. For purposes of this
5 chapter, new machinery and equipment means either new to the taxing
6 jurisdiction of the state or new to the certificate holder. Used
7 machinery and equipment may be treated as new equipment and machinery
8 if the certificate holder either brings the machinery and equipment
9 into Washington or makes a retail purchase of the machinery and
10 equipment in Washington or elsewhere.

11 (9) "Qualified employment position" means a permanent full-time
12 employee employed in the eligible investment project during the entire
13 tax year.

14 (10) "Recipient" means a person receiving a tax deferral under this
15 chapter.

16 (11) "Certificate holder" means an applicant to whom a tax deferral
17 certificate has been issued.

18 (12) "Operationally complete" means constructed or improved to the
19 point of being functionally useable for the intended purpose.

20 (13) "Initiation of construction" means that date upon which on-
21 site construction commences.

22 (14) "Tourism accommodations" means hotels or motels, but does not
23 mean tourist camps, trailer courts, rooming houses, or other similar
24 accommodations.

25 **Sec. 2.** RCW 82.61.030 and 1987 c 497 s 3 are each amended to read
26 as follows:

27 Except for eligible projects for tourist accommodations and
28 eligible projects within the definitions in RCW 82.61.010(4) (c) or
29 (d), a tax deferral certificate shall only be issued to persons who, on

1 June 14, 1985, are not engaged in manufacturing or research and
2 development activities within this state. For purposes of this
3 section, a person shall not be considered to be engaged in
4 manufacturing or research and development activities where the only
5 activities performed by such person in this state are sales,
6 installation, repair, or promotional activities in respect to products
7 manufactured outside this state. Any person who has succeeded by
8 merger, consolidation, incorporation or any other form or change of
9 identity to the business of a person engaged in manufacturing or
10 research and development activities in this state on June 14, 1985, and
11 any person who is a subsidiary of a person engaged in manufacturing or
12 research and development activities in this state on June 14, 1985,
13 shall also be ineligible to receive a tax deferral certificate.