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**SENATE BILL 6480**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senator Ericksen

AN ACT Relating to creating a business and occupation tax credit for capital costs associated with providing retail broadband service using qualified broadband equipment; and adding a new section to chapter 82.04 RCW.

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

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

(1) Subject to the limitations in this section, a credit is allowed against the taxes imposed under this chapter for the capital costs associated with providing retail broadband service using qualified broadband equipment, including taxes paid under chapters 82.08 and 82.12 RCW.

(2) A person claiming the credit for taxes paid under chapters 82.08 and 82.12 RCW on the capital costs associated with providing retail broadband service using qualified broadband equipment must have paid the taxes under chapters 82.08 and 82.12 RCW in order to claim the credit under this chapter.

(3) The credit is equal to fifty percent of the costs to be divided equally over fifteen years.

(4) Credits earned under this section may be claimed against taxes due or paid for the calendar year in which the contribution is made. The amount of credit claimed for a reporting period may not exceed the tax otherwise due under this chapter for that reporting period.

(5) Any amount of tax credit allowable under this section not claimed by the person in any calendar year may be carried over and claimed against the person's tax liability for the next succeeding calendar year. Any credit remaining unused in the next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year; and any credit not used in that second succeeding calendar year may be carried over and claimed against the person's tax liability for the third succeeding calendar year, but may not be carried over for any calendar year thereafter.

(6) Credits are available on a first in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section to exceed fifty million dollars. If this limitation is reached, the department must notify all businesses that the annual statewide limit has been met. In addition, the department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of the notice. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(7) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(8) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.

(9) A person receiving a credit under this section must provide to the department, upon request, such information needed to verify eligibility for credit under this section, including information regarding capital costs that are claimed for credits under this section.

(10) The department may not allow any credit under this section before July 1, 2016.

(11) No credit may be earned for costs incurred on or after July 1, 2021.

(12) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Broadband" means a high-speed broadband telecommunications capability with minimum speeds of ten Mbps downstream and one Mbps upstream, measured at the most remote user location, that enables users to originate and receive high-quality voice, data, graphics, and video using any technology.

(b) "Qualified broadband equipment" means telecommunications network transmission equipment located in an underserved area in the state that is necessary for and primarily used to provide retail broadband service by wire or radio with the capability to transmit data to and receive data from substantially all internet end points with minimum speeds of ten Mbps downstream and one Mbps upstream, measured at the most remote user location.

(c) "Underserved area" means United States areas designated by the Washington utilities and transportation commission as having either no broadband access or limited broadband access based on information presented by businesses providing retail broadband service and any information utilized by the federal communications commission and the national telecommunications and information administration. Underserved area also means those areas lacking reliability and redundancy.

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