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**SUBSTITUTE SENATE BILL 5854**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** Senate Committee on Trade, Technology & Economic Development  
(originally sponsored by Senators Quigley, Drew, Hargrove, Owen and  
Haugen)

Read first time 03/03/93.

1 AN ACT Relating to tax credits for eligible business projects;  
2 amending RCW 82.62.010; adding new sections to chapter 43.131 RCW; and  
3 repealing RCW 82.62.040.

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

5 **Sec. 1.** RCW 82.62.010 and 1988 c 42 s 17 are each amended to read  
6 as follows:

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

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

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

12 (3) "Eligible area" means: (a) ~~((A county in which the average~~  
13 ~~level of unemployment for the three years before the year in which an~~  
14 ~~application is filed under this chapter exceeds the average state~~  
15 ~~unemployment for those years by twenty percent; or (b) a metropolitan~~  
16 ~~statistical area, as defined by the office of federal statistical~~  
17 ~~policy and standards, United States department of commerce, in which~~  
18 ~~the average level of unemployment for the calendar year immediately~~  
19 ~~preceding the year in which an application is filed under this chapter~~

1 exceeds the average state unemployment for such calendar year by twenty  
2 percent. Applications under this subsection (3)(b) shall be filed by  
3 April 30, 1989)) Distressed counties as defined in RCW  
4 43.165.010(3)(a); (b) subcounty areas in those counties that are not  
5 covered under (a) of this subsection that are timber impact areas as  
6 defined in RCW 43.31.601; (c) urban subcounty areas as defined in RCW  
7 43.165.010(3)(c); and (d) areas not currently experiencing economic  
8 distress that the department anticipates as likely to experience  
9 distress in the near future, such as areas experiencing defense budget  
10 reductions or suffering dislocations from downturns in natural  
11 resource-based industries.

12 (4)(a) "Eligible business project" means manufacturing or research  
13 and development activities which are conducted by an applicant in an  
14 eligible area at a specific facility: PROVIDED, That the applicant's  
15 average full-time qualified employment positions at the specific  
16 facility will be at least fifteen percent greater in the year for which  
17 the credit is being sought than the applicant's average full-time  
18 qualified employment positions at the same facility in the immediately  
19 preceding year.

20 (b) "Eligible business project" does not include any portion of a  
21 business project undertaken by a light and power business as defined in  
22 RCW 82.16.010(5) or that portion of a business project creating  
23 qualified full-time employment positions outside an eligible area or  
24 those recipients of a sales tax deferral under chapter 82.61 RCW.

25 (5) "Manufacturing" means all activities of a commercial or  
26 industrial nature wherein labor or skill is applied, by hand or  
27 machinery, to materials so that as a result thereof a new, different,  
28 or useful substance or article of tangible personal property is  
29 produced for sale or commercial or industrial use and shall include the  
30 production or fabrication of specially made or custom made articles.  
31 "Manufacturing" also includes computer programming, the production of  
32 computer software, and other computer-related services, and the  
33 activities performed by research and development laboratories and  
34 commercial testing laboratories.

35 (6) "Person" has the meaning given in RCW 82.04.030.

36 (7) "Qualified employment position" means a permanent full-time  
37 employee employed in the eligible business project during the entire  
38 tax year.

39 (8) "Tax year" means the calendar year in which taxes are due.

1 (9) "Recipient" means a person receiving tax credits under this  
2 chapter.

3 (10) "Research and development" means the development, refinement,  
4 testing, marketing, and commercialization of a product, service, or  
5 process before commercial sales have begun. As used in this  
6 subsection, "commercial sales" excludes sales of prototypes or sales  
7 for market testing if the total gross receipts from such sales of the  
8 product, service, or process do not exceed one million dollars.

9 NEW SECTION. Sec. 2. RCW 82.62.040 and 1988 c 41 s 4 & 1986 c 116  
10 s 22 are each repealed.

11 NEW SECTION. Sec. 3. A new section is added to chapter 43.131 RCW  
12 to read as follows:

13 The tax deferrals for investment projects in distressed areas  
14 program and its powers and duties shall be terminated June 30, 1994, as  
15 provided in section 4 of this act.

16 NEW SECTION. Sec. 4. A new section is added to chapter 43.131 RCW  
17 to read as follows:

18 The following acts or parts of acts, as now existing or hereafter  
19 amended are each repealed effective June 30, 1995:

20 (1) RCW 82.60.010 and 1985 c 232 s 1;

21 (2) RCW 82.60.020 and 1988 c 42 s 16, 1986 c 116 s 12, & 1985 c 232  
22 s 2;

23 (3) RCW 82.60.030 and 1985 c 232 s 3;

24 (4) RCW 82.60.040 and 1986 c 116 s 13 & 1985 c 232 s 4;

25 (5) RCW 82.60.050 and 1988 c 41 s 5 & 1985 c 232 s 10;

26 (6) RCW 82.60.060 and 1985 c 232 s 5;

27 (7) RCW 82.60.065 and 1986 c 116 s 14;

28 (8) RCW 82.60.070 and 1985 c 232 s 6;

29 (9) RCW 82.60.080 and 1985 c 232 s 7;

30 (10) RCW 82.60.090 and 1985 c 232 s 8;

31 (11) RCW 82.60.100 and 1987 c 49 s 1; and

32 (12) RCW 82.60.900 and 1985 c 232 s 11.

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