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SENATE BILL 5854

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State of Washington

53rd Legislature

1993 Regular Session

By Senators Quigley, Drew, Hargrove, Owen and Haugen

Read first time 02/17/93. Referred to Committee on Trade, Technology & Economic Development.

1 AN ACT Relating to tax credits for eligible business projects;  
2 amending RCW 82.62.010; and repealing RCW 82.62.040.

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

4 **Sec. 1.** RCW 82.62.010 and 1988 c 42 s 17 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 credit under this  
9 chapter.

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

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

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

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

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

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

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

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

38 (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.

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