

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2482**

Chapter 125, Laws of 1994

53rd Legislature  
1994 Regular Session

MANUFACTURING, RESEARCH, AND DEVELOPMENT PROJECTS--TAX  
DEFERRAL ELIGIBILITY EXTENSION

EFFECTIVE DATE: 6/9/94

Passed by the House February 9, 1994  
Yeas 95 Nays 0

BRIAN EBERSOLE

**Speaker of the  
House of Representatives**

Passed by the Senate March 4, 1994  
Yeas 45 Nays 0

JOEL PRITCHARD

**President of the Senate**

Approved March 28, 1994

MIKE LOWRY

**Governor of the State of Washington**

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2482** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

**Chief Clerk**

FILED

March 28, 1994 - 11:31 a.m.

**Secretary of State  
State of Washington**

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HOUSE BILL 2482

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Passed Legislature - 1994 Regular Session

State of Washington                      53rd Legislature                      1994 Regular Session

By Representatives Holm, Foreman, Brough, B. Thomas, Forner, Long, Springer, Kessler, Cooke and Wood; by request of Department of Revenue

Read first time 01/17/94. Referred to Committee on Revenue.

1            AN ACT Relating to extending dates by which construction must be  
2 commenced, or machinery and equipment must be acquired, in order to  
3 qualify as an eligible investment project for tax deferrals for  
4 manufacturing, research, and development projects; and amending RCW  
5 82.61.010.

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

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

9            Unless the context clearly requires otherwise, the definitions in  
10 this section apply throughout this chapter.

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

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

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

15            (4) "Eligible investment project" means:

16            (a) Construction of new buildings and the acquisition of new  
17 related machinery and equipment when the buildings, machinery, and  
18 equipment are to be used for either manufacturing or research and

1 development activities, which construction is commenced prior to  
2 December 31, (~~(1994)~~) 1998; or

3 (b) Acquisition prior to December 31, (~~(1994)~~) 1998, of new  
4 machinery and equipment to be used for either manufacturing or research  
5 and development if the machinery and equipment is housed in a new  
6 leased structure(~~(:—PROVIDED,—That)~~).    The lessor/owner of the  
7 structure is not eligible for a deferral unless the underlying  
8 ownership of the buildings, machinery, and equipment vests exclusively  
9 in the same person; or

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

25 (d) Modernization projects involving construction, acquisition, or  
26 upgrading of equipment or machinery, including services and labor,  
27 which are commenced after May 19, 1987, and are intended to increase  
28 the operating efficiency of existing plants which are either aluminum  
29 smelters or aluminum rolling mills or of facilities related to such  
30 plants, if the plant was in operation prior to 1975, and if the person  
31 applying for a deferral (i) has consulted with any collective  
32 bargaining unit that represents employees of the plant on the proposed  
33 operation of the plant and the terms and conditions of employment for  
34 wage and salaried employees and (ii) has obtained a written concurrence  
35 from the bargaining unit on the decision to apply for a deferral under  
36 this chapter.

37 (5) "Manufacturing" means all activities of a commercial or  
38 industrial nature wherein labor or skill is applied, by hand or  
39 machinery, to materials so that as a result thereof a new, different,

1 or useful substance or article of tangible personal property is  
2 produced for sale or commercial or industrial use and includes the  
3 production or fabrication of specially made or custom-made articles.

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

7 (7) "Buildings" means only those new structures used for either  
8 manufacturing or research and development activities, including plant  
9 offices and warehouses or other facilities for the storage of raw  
10 materials or finished goods if such facilities are an essential or an  
11 integral part of a factory, mill, plant, or laboratory used for  
12 manufacturing or research and development purposes. If a building is  
13 used partly for manufacturing or research and development and partly  
14 for other purposes, the applicable tax deferral shall be determined by  
15 apportionment of the costs of construction under rules adopted by the  
16 department.

17 (8) "Machinery and equipment" means all industrial and research  
18 fixtures, equipment, and support facilities that are an integral and  
19 necessary part of a manufacturing or research and development  
20 operation. "Qualified machinery and equipment" includes computers;  
21 software; data processing equipment; laboratory equipment;  
22 manufacturing components such as belts, pulleys, shafts, and moving  
23 parts; molds, tools, and dies; operating structures; and all equipment  
24 used to control or operate the machinery. For purposes of this  
25 chapter, new machinery and equipment means either new to the taxing  
26 jurisdiction of the state or new to the certificate holder. Used  
27 machinery and equipment may be treated as new equipment and machinery  
28 if the certificate holder either brings the machinery and equipment  
29 into Washington or makes a retail purchase of the machinery and  
30 equipment in Washington or elsewhere.

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

34 (10) "Recipient" means a person receiving a tax deferral under this  
35 chapter.

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

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

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

Passed the House February 9, 1994.

Passed the Senate March 4, 1994.

Approved by the Governor March 28, 1994.

Filed in Office of Secretary of State March 28, 1994.