

1 **SHB 1283 - H AMD 145 ADOPTED 3-15-97**

2 By Representative Sheldon

3 On page 2, after line 21, insert:

4 "Sec. 3. RCW 82.62.010 and 1996 c 290 s 5 are each amended to  
5 read as follows:

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

8 (1) "Applicant" means a person applying for a tax credit under  
9 this 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  
13 an application is filed under this chapter exceeds the average  
14 state unemployment for those years by twenty percent; (b) a county  
15 that has a median household income that is less than seventy-five  
16 percent of the state median household income for the previous three  
17 years; (c) a metropolitan statistical area, as defined by the  
18 office of federal statistical policy and standards, United States  
19 department of commerce, in which the average level of unemployment  
20 for the calendar year immediately preceding the year in which an  
21 application is filed under this chapter exceeds the average state  
22 unemployment for such calendar year by twenty percent; (d) a  
23 designated community empowerment zone approved under RCW  
24 43.63A.700; or (e) subcounty areas in those counties that are not  
25 covered under (a) of this subsection that are timber impact areas  
26 as defined in RCW 43.31.601.

27 (4)(a) "Eligible business project" means manufacturing or  
28 research and development activities which are conducted by an  
29 applicant in an eligible area at a specific facility, provided the  
30 applicant's average full-time qualified employment positions at the  
31 specific facility will be ((at least fifteen percent)) greater in  
32 the year for which the credit is being sought than the applicant's  
33 average full-time qualified employment positions at the same  
34 facility in the immediately preceding year.

35 (b) "Eligible business project" does not include any portion  
36 of a business project undertaken by a light and power business as

1 defined in RCW 82.16.010(5) or that portion of a business project  
2 creating qualified full-time employment positions outside an  
3 eligible area or those recipients of a sales tax deferral under  
4 chapter 82.61 RCW.

5 (5) "Manufacturing" means all activities of a commercial or  
6 industrial nature wherein labor or skill is applied, by hand or  
7 machinery, to materials so that as a result thereof a new,  
8 different, or useful substance or article of tangible personal  
9 property is produced for sale or commercial or industrial use and  
10 shall include the production or fabrication of specially made or  
11 custom made articles. "Manufacturing" also includes computer  
12 programming, the production of computer software, and other  
13 computer-related services, and the activities performed by research  
14 and development laboratories and commercial testing laboratories.

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

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

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

20 (9) "Recipient" means a person receiving tax credits under  
21 this chapter.

22 (10) "Research and development" means the development,  
23 refinement, testing, marketing, and commercialization of a product,  
24 service, or process before commercial sales have begun. As used in  
25 this subsection, "commercial sales" excludes sales of prototypes or  
26 sales for market testing if the total gross receipts from such  
27 sales of the product, service, or process do not exceed one million  
28 dollars.

29 **Sec. 4.** RCW 82.62.030 and 1996 c 1 s 3 are each amended to  
30 read as follows:

31 (1) A person shall be allowed a credit against the tax due  
32 under chapter 82.04 RCW as provided in this section. For an  
33 application approved before January 1, 1996, the credit shall equal  
34 one thousand dollars for each qualified employment position  
35 directly created in an eligible business project. For an  
36 application approved on or after January 1, 1996, the credit shall

1 equal two thousand dollars for each qualified employment position  
2 directly created in an eligible business project.

3 (2) The department shall keep a running total of all credits  
4 granted under this chapter during each fiscal biennium. The  
5 department shall not allow any credits which would cause the  
6 tabulation for a biennium to exceed fifteen million dollars. If  
7 all or part of an application for credit is disallowed under this  
8 subsection, the disallowed portion shall be carried over for  
9 approval the next biennium. However, the applicant's carryover  
10 into the next biennium is only permitted if the tabulation for the  
11 next biennium does not exceed fifteen million dollars as of the  
12 date on which the department has disallowed the application.

13 (3) No recipient is eligible for tax credits in excess of  
14 ~~((three hundred))~~ two hundred ninety-five thousand dollars per  
15 taxable year.

16 (4) No recipient may use the tax credits to decertify a union  
17 or to displace existing jobs in any community in the state.

18 (5) No recipient may receive a tax credit on taxes which have  
19 not been paid during the taxable year."

20 Correct title accordingly.

**EFFECT:** Removes the requirement that firms increase jobs by 15% to qualify for the B&O credit in distressed areas. Changes the limit for a recipient from \$300,000 for the life of the program to \$295,000 per calendar year.