

2 **HB 2335** - S AMD - 1021  
3 By Senator Hargrove

4 PULLED 3/12/98

5 On page 8, after line 25, insert the following:

6 "NEW SECTION. Sec. 9. The legislature finds that section 10 of  
7 this act is intended to consolidate business and occupation taxes in  
8 distressed areas.

9 NEW SECTION. Sec. 10. A new section is added to chapter 82.04 RCW  
10 to read as follows: (1) As used in this section:

11 (a) "Board" means the community economic revitalization board under  
12 chapter 43.160 RCW;

13 (b) "Private-sector business" or "business" means "person" as  
14 defined in RCW 82.04.030. "Private-sector business" does not include  
15 a public agency. "Public agency" means the state or its agencies,  
16 instrumentalities, or political subdivisions, or the United States or  
17 any instrumentality thereof, or an Indian tribe or nation; and

18 (c) "Public facilities" means bridges, roads, domestic and  
19 industrial water, sanitary sewer, storm sewer, railroad, electricity,  
20 natural gas, buildings or structures, and port facilities, in the state  
21 of Washington.

22 (2) A person shall be allowed a credit against tax due under this  
23 chapter or chapter 82.16 RCW as provided in this section. The credit  
24 shall equal fifty cents for each dollar of private funds spent on  
25 qualifying public facilities. A person may not receive credit for  
26 funds spent by another person. Eligible spending is limited to  
27 construction, reconstruction, or improvement of the public facility,  
28 and includes rights of way and real property acquisition, engineering  
29 and design work, environmental assessment and mitigation, and materials  
30 acquisition.

31 (3) The department, subject to the limitations of subsection (4) of  
32 this section, shall approve applications for tax credits upon  
33 occurrence of the following:

34 (a) A written certification is submitted by the board to the  
35 department, stating the applicant has been approved for a loan or grant

1 under chapter 43.160 RCW. The tax credit applicant shall provide a  
2 written request to the board, requesting the board to provide such  
3 certification to the department;

4 (b) A written agreement is submitted to the department before the  
5 start of the public facility project, signed by the public agency  
6 responsible for the public facility and the business spending money on  
7 the public facility, establishing the financial obligations of the  
8 business and stating that the public facility is to be owned and  
9 controlled by the public agency;

10 (c) If the facility will be owned by the business until completion,  
11 a written agreement is submitted to the department providing a  
12 mechanism for transfer of ownership of the facility to the public  
13 agency upon completion of the project; and

14 (d) The business, in consultation with the public agency, provides  
15 a letter to the department establishing that the public facility will  
16 enable the business to create, retain, or expand jobs. The business  
17 making the expenditures must be the same business upon which the job  
18 criteria is based. A business may not use the jobs upon which an  
19 earlier project was based to justify additional projects for which the  
20 business is applying for tax credits.

21 (4)(a) Tax credits are available on a first-come basis, with  
22 priority based on the date an application is received by the  
23 department. Upon completion of a public facility, as determined by the  
24 department, the department shall certify the business as eligible for  
25 tax credits under this section. An applicant is not eligible for tax  
26 credits under this section in excess of the amount of tax that would  
27 otherwise be due under this chapter. Approved credit may be carried  
28 over one calendar year after the year in which the credit is approved.  
29 Any unused credit remaining after the one-year carry-over period has  
30 elapsed expires. Refunds shall not be given in place of credits.

31 (b) The department shall keep a running total of all credits  
32 approved. The sum total of credits granted under this section and  
33 section of this act shall be no more than five million dollars of  
34 credits each fiscal year. If the amount requested for a credit in an  
35 application will cause the cap to be exceeded, the department shall  
36 give a partial approval of the project, equal to the amount of  
37 remaining credit available for the fiscal year.

38 (c) The amount of credit taken is not confidential or subject to  
39 RCW 82.32.330, and is disclosable by the department as a public record.

1 (5) Investments in a public facility do not give the private-sector  
2 business a right or privilege, or any other benefit in the public  
3 facility.

4 (6) An application under this section may not be approved after  
5 June 30, 2005.

6 (7) Tax credits shall not be granted for spending that occurred  
7 before the effective date of this section. Applicants are not eligible  
8 based on a loan or grant approved before the effective date of this  
9 section.

10 (8) If a person has used a credit granted under this section  
11 against tax due under chapter 82.16 RCW the person may not use the same  
12 credit for tax due under this chapter.

13 (9) The tax credit program under this section and section 11 of  
14 this act is limited to expenditures for public facilities located in  
15 distressed counties. "Distressed county" means a county in which the  
16 average level of unemployment for the three years before the year in  
17 which an application is filed under this section exceeds the average  
18 state unemployment for those years by twenty percent.

19 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.16 RCW  
20 to read as follows: The tax credit program under section 10 of this  
21 act is available to persons for tax due under this chapter. If a  
22 person has used a credit granted under this section against tax due  
23 under chapter 82.04 RCW the person may not use the same credit for tax  
24 due under this chapter."

25 Renumber the sections consecutively and correct any internal  
26 references accordingly.

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30 On page 1, on line 3 of the title, strike "a new section" and  
31 insert "new sections"

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