
HOUSE BILL 2751

State of Washington

55th Legislature

1998 Regular Session

By Representatives Veloria, Dickerson, Conway, Anderson, Gardner and Chopp

Read first time 01/19/98. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to community development financial institutions;
2 adding a new section to chapter 82.04 RCW; adding a new section to
3 chapter 48.14 RCW; providing an effective date; and providing an
4 expiration date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) There may be credited against the tax imposed by this chapter,
9 an amount equal to twenty percent of the amount of each qualified
10 deposit made by a person or company during the taxable year into a
11 community development financial institution.

12 (2) No credit shall be allowed under this section unless the
13 department of financial institutions certifies that the deposit
14 described in this section qualifies for the credit under this section
15 and certifies the total amount of the credit allocated to the person or
16 company. The person or company must provide information on the
17 proposed qualified deposit that includes, but is not limited to a
18 description of terms and conditions of the deposit or equity
19 investment.

1 (3)(a) If a qualified deposit is withdrawn before the end of the
2 sixty-month period and not redeposited or reinvested in another
3 community development financial institution within thirty days, the
4 entire amount of the tax credit allowed under this section shall be due
5 and payable to the department of revenue within thirty days of the
6 withdrawal.

7 (b) If the qualified deposit is reduced before the end of the
8 sixty-month period, but not below fifty thousand dollars, the amount of
9 the tax credit attributed to the portion withdrawn shall be due and
10 payable to the department of revenue within thirty days of the
11 withdrawal.

12 (c) If the qualified deposit is reduced before the end of the
13 sixty-month period, below fifty thousand dollars, the entire amount of
14 the tax credit allowed under this section shall be due and payable to
15 the department of revenue within thirty days of the withdrawal.

16 (4) The credit allowed under this section shall be limited to the
17 amount of tax imposed by this chapter. Any unused excess credit in a
18 reporting period may be carried forward to future reporting periods for
19 a maximum of two years. The department of revenue shall not approve
20 any qualified deposit that causes the total credits allowed under this
21 section to exceed five million dollars per calendar year.

22 (5) This section applies only to qualified deposits in community
23 development financial institutions that are approved by the department
24 of revenue after July 1, 1998.

25 (6) For the purposes of this section:

26 (a) "Community development financial institution" means a private
27 financial institution located in the state of Washington that is
28 certified by the department of financial institutions, that has
29 community development as its primary mission, and that lends in a
30 designated area in the state. A community development financial
31 institution may include a community development bank, a community
32 development loan fund, a community development credit union, a
33 microenterprise fund, a community development corporation-based lender,
34 and a community development venture fund;

35 (b) "Designated area" means:

36 (i) A community empowerment zone under RCW 43.63A.710;

37 (ii) A distressed area under RCW 43.168.020; or

38 (iii) A rural natural resources impact area under RCW 43.31.601;

39 and

1 (c) "Qualified deposit" means a deposit that does not earn
2 interest, or an equity investment, that is equal to or greater than
3 fifty thousand dollars and is made for a minimum duration of sixty
4 months.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.14 RCW
6 to read as follows:

7 (1) There may be credited against the tax imposed by RCW 48.14.020,
8 an amount equal to twenty percent of the amount of each qualified
9 deposit made by a person or company during the taxable year into a
10 community development financial institution.

11 (2) No credit shall be allowed under this section unless the
12 department of financial institutions certifies that the deposit
13 described in this section qualifies for the credit under this section
14 and certifies the total amount of the credit allocated to the person or
15 company. The person or company must provide information on the
16 proposed qualified deposit that includes, but is not limited to a
17 description of terms and conditions of the deposit or equity
18 investment.

19 (3)(a) If a qualified deposit is withdrawn before the end of the
20 sixty-month period and not redeposited or reinvested in another
21 community development financial institution within thirty days, the
22 entire amount of the tax credit allowed under this section shall be due
23 and payable to the department of revenue within thirty days of the
24 withdrawal.

25 (b) If the qualified deposit is reduced before the end of the
26 sixty-month period, but not below fifty thousand dollars, the amount of
27 the tax credit attributed to the portion withdrawn shall be due and
28 payable to the department of revenue within thirty days of the
29 withdrawal.

30 (c) If the qualified deposit is reduced before the end of the
31 sixty-month period, below fifty thousand dollars, the entire amount of
32 the tax credit allowed under this section shall be due and payable to
33 the department of revenue within thirty days of the withdrawal.

34 (4) The credit allowed under this section shall be limited to the
35 amount of tax imposed by this chapter. Any unused excess credit in a
36 reporting period may be carried forward to future reporting periods for
37 a maximum of two years. The department of revenue shall not approve

1 any qualified deposit that causes the total credits allowed under this
2 section to exceed five million dollars per calendar year.

3 (5) This section applies only to qualified deposits in community
4 development financial institutions that are approved by the department
5 of revenue after July 1, 1998.

6 (6) For the purposes of this section:

7 (a) "Community development financial institution" has the same
8 meaning as in section 1 of this act;

9 (b) "Designated area" has the same meaning as in section 1 of this
10 act; and

11 (c) "Qualified deposit" has the same meaning as in section 1 of
12 this act.

13 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

14 NEW SECTION. **Sec. 4.** This act expires July 1, 2002.

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