
HOUSE BILL 2013

State of Washington

56th Legislature

1999 Regular Session

By Representatives Kessler, Hatfield and Haigh

Read first time 02/12/1999. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to counties that contain community empowerment
2 zones; and amending RCW 82.60.020.

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

4 **Sec. 1.** RCW 82.60.020 and 1996 c 290 s 4 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 deferral under
9 this chapter.

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

11 (3) "Eligible area" means: (a) A county in which the average level
12 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; (b) a county that has
15 a median household income that is less than seventy-five percent of the
16 state median household income for the previous three years; (c) a
17 metropolitan statistical area, as defined by the office of federal
18 statistical policy and standards, United States department of commerce,
19 in which the average level of unemployment for the calendar year

1 immediately preceding the year in which an application is filed under
2 this chapter exceeds the average state unemployment for such calendar
3 year by twenty percent; (d) a designated community empowerment zone
4 approved under RCW 43.63A.700 (~~or a county containing such a community~~
5 ~~empowerment zone~~); (e) a town with a population of less than twelve
6 hundred persons in those counties that are not covered under (a) of
7 this subsection that are timber impact areas as defined in RCW
8 43.31.601; (f) a county designated by the governor as an eligible area
9 under RCW 82.60.047; or (g) a county that is contiguous to a county
10 that qualifies as an eligible area under (a) or (f) of this subsection.

11 (4)(a) "Eligible investment project" means:

12 (i) An investment project in an eligible area as defined in
13 subsection (3)(a), (b), (c), (e), or (f) of this section; or

14 (ii) That portion of an investment project in an eligible area as
15 defined in subsection (3)(d) or (g) of this section which is directly
16 utilized to create at least one new full-time qualified employment
17 position for each three hundred thousand dollars of investment on which
18 a deferral is requested in an application approved before July 1, 1994,
19 and for each seven hundred fifty thousand dollars of investment on
20 which a deferral is requested in an application approved after June 30,
21 1994.

22 (b) The lessor/owner of a qualified building is not eligible for a
23 deferral unless the underlying ownership of the buildings, machinery,
24 and equipment vests exclusively in the same person, or unless the
25 lessor by written contract agrees to pass the economic benefit of the
26 deferral to the lessee in the form of reduced rent payments.

27 (c) For purposes of (a)(ii) of this subsection:

28 (i) The department shall consider the entire investment project,
29 including any investment in machinery and equipment that otherwise
30 qualifies for exemption under RCW 82.08.02565 or 82.12.02565, for
31 purposes of determining the portion of the investment project that
32 qualifies for deferral as an eligible investment project; and

33 (ii) The number of new full-time qualified employment positions
34 created by an investment project shall be deemed to be reduced by the
35 number of full-time employment positions maintained by the recipient in
36 any other community in this state that are displaced as a result of the
37 investment project.

38 (d) "Eligible investment project" does not include any portion of
39 an investment project undertaken by a light and power business as

1 defined in RCW 82.16.010(5), other than that portion of a cogeneration
2 project that is used to generate power for consumption within the
3 manufacturing site of which the cogeneration project is an integral
4 part, or investment projects which have already received deferrals
5 under this chapter.

6 (5) "Investment project" means an investment in qualified buildings
7 or qualified machinery and equipment, including labor and services
8 rendered in the planning, installation, and construction of the
9 project.

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

20 (7) "Person" has the meaning given in RCW 82.04.030.

21 (8) "Qualified buildings" means construction of new structures, and
22 expansion or renovation of existing structures for the purpose of
23 increasing floor space or production capacity used for manufacturing
24 and research and development activities, including plant offices and
25 warehouses or other facilities for the storage of raw material or
26 finished goods if such facilities are an essential or an integral part
27 of a factory, mill, plant, or laboratory used for manufacturing or
28 research and development. If a building is used partly for
29 manufacturing or research and development and partly for other
30 purposes, the applicable tax deferral shall be determined by
31 apportionment of the costs of construction under rules adopted by the
32 department.

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

36 (10) "Qualified machinery and equipment" means all new industrial
37 and research fixtures, equipment, and support facilities that are an
38 integral and necessary part of a manufacturing or research and
39 development operation. "Qualified machinery and equipment" includes:

1 Computers; software; data processing equipment; laboratory equipment;
2 manufacturing components such as belts, pulleys, shafts, and moving
3 parts; molds, tools, and dies; operating structures; and all equipment
4 used to control or operate the machinery.

5 (11) "Recipient" means a person receiving a tax deferral under this
6 chapter.

7 (12) "Research and development" means the development, refinement,
8 testing, marketing, and commercialization of a product, service, or
9 process before commercial sales have begun. As used in this
10 subsection, "commercial sales" excludes sales of prototypes or sales
11 for market testing if the total gross receipts from such sales of the
12 product, service, or process do not exceed one million dollars.

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