
HOUSE BILL 2468

State of Washington

56th Legislature

2000 Regular Session

By Representatives Eickmeyer, Huff, Lantz, Woods, Rockefeller and Haigh

Read first time 01/13/2000. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to distressed area designation; and amending RCW
2 43.168.020 and 82.60.020.

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

4 **Sec. 1.** RCW 43.168.020 and 1999 c 164 s 502 are each amended to
5 read as follows:

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

8 (1) "Department" means the department of community, trade, and
9 economic development.

10 (2) "Director" means the director of community, trade, and economic
11 development.

12 (3) "Distressed area" means: (a) A rural county; (b) a county that
13 has experienced a loss of more than three thousand jobs during the
14 previous five-year period due to military base restructuring and where
15 military employment in the county exceeds fifteen percent of the total
16 employment in the county; (c) a county which has an unemployment rate
17 which is twenty percent above the state average for the immediately
18 previous three years; ~~((+e+))~~ (d) a county that has a median household
19 income that is less than seventy-five percent of the state median

1 household income for the previous three years; (~~(d)~~) (e) a
2 metropolitan statistical area, as defined by the office of federal
3 statistical policy and standards, United States department of commerce,
4 in which the average level of unemployment for the calendar year
5 immediately preceding the year in which an application is filed under
6 this chapter exceeds the average state unemployment for such calendar
7 year by twenty percent; (~~(e)~~) (f) an area within a county, which
8 area: (i) Is composed of contiguous census tracts; (ii) has a minimum
9 population of five thousand persons; (iii) has at least seventy percent
10 of its families and unrelated individuals with incomes below eighty
11 percent of the county's median income for families and unrelated
12 individuals; and (iv) has an unemployment rate which is at least forty
13 percent higher than the county's unemployment rate; or (~~(f)~~) (g) a
14 county designated as a rural natural resources impact area under RCW
15 43.31.601 if an application is filed by July 1, 1997. For purposes of
16 this definition, "families and unrelated individuals" has the same
17 meaning that is ascribed to that term by the federal department of
18 housing and urban development in its regulations authorizing action
19 grants for economic development and neighborhood revitalization
20 projects.

21 (4) "Fund" means the rural Washington loan fund.

22 (5) "Local development organization" means a nonprofit organization
23 which is organized to operate within an area, demonstrates a commitment
24 to a long-standing effort for an economic development program, and
25 makes a demonstrable effort to assist in the employment of unemployed
26 or underemployed residents in an area.

27 (6) "Project" means the establishment of a new or expanded business
28 in an area which when completed will provide employment opportunities.
29 "Project" also means the retention of an existing business in an area
30 which when completed will provide employment opportunities.

31 (7) "Rural county" means a county with a population density of
32 fewer than one hundred persons per square mile as determined by the
33 office of financial management.

34 **Sec. 2.** RCW 82.60.020 and 1999 sp.s. c 9 s 2 are each amended to
35 read as follows:

36 Unless the context clearly requires otherwise, the definitions in
37 this section apply throughout this chapter.

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

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

4 (3) "Eligible area" means (a) a county with fewer than one hundred
5 persons per square mile as determined annually by the office of
6 financial management and published by the department of revenue
7 effective for the period July 1st through June 30th; or (b)(i) a county
8 that has experienced a loss of more than three thousand jobs during the
9 previous five-year period due to military base restructuring; and (ii)
10 military employment in the county exceeds fifteen percent of the total
11 employment in the county.

12 (4)(a) "Eligible investment project" means an investment project in
13 an eligible area as defined in subsection (3) of this section.

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

19 (c) "Eligible investment project" does not include any portion of
20 an investment project undertaken by a light and power business as
21 defined in RCW 82.16.010(5), other than that portion of a cogeneration
22 project that is used to generate power for consumption within the
23 manufacturing site of which the cogeneration project is an integral
24 part, or investment projects which have already received deferrals
25 under this chapter.

26 (5) "Investment project" means an investment in qualified buildings
27 or qualified machinery and equipment, including labor and services
28 rendered in the planning, installation, and construction of the
29 project.

30 (6) "Manufacturing" means the same as defined in RCW 82.04.120.
31 "Manufacturing" also includes computer programming, the production of
32 computer software, and other computer-related services, and the
33 activities performed by research and development laboratories and
34 commercial testing laboratories.

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

36 (8) "Qualified buildings" means construction of new structures, and
37 expansion or renovation of existing structures for the purpose of
38 increasing floor space or production capacity used for manufacturing
39 and research and development activities, including plant offices and

1 warehouses or other facilities for the storage of raw material or
2 finished goods if such facilities are an essential or an integral part
3 of a factory, mill, plant, or laboratory used for manufacturing or
4 research and development. If a building is used partly for
5 manufacturing or research and development and partly for other
6 purposes, the applicable tax deferral shall be determined by
7 apportionment of the costs of construction under rules adopted by the
8 department.

9 (9) "Qualified machinery and equipment" means all new industrial
10 and research fixtures, equipment, and support facilities that are an
11 integral and necessary part of a manufacturing or research and
12 development operation. "Qualified machinery and equipment" includes:
13 Computers; software; data processing equipment; laboratory equipment;
14 manufacturing components such as belts, pulleys, shafts, and moving
15 parts; molds, tools, and dies; operating structures; and all equipment
16 used to control or operate the machinery.

17 (10) "Recipient" means a person receiving a tax deferral under this
18 chapter.

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

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