
SUBSTITUTE HOUSE BILL 1239

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives DeBolt, Reardon, Bush, Crouse, Wood, Schoesler, Casada, Linville, Anderson, Santos, Grant, Hatfield, B. Chandler, Kessler, Keiser, O'Brien, Kagi and Haigh)

Read first time 02/26/2001. Referred to Committee on .

1 AN ACT Relating to providing incentives for the deployment of
2 telecommunications services in rural areas; adding a new section to
3 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding a
4 new section to chapter 82.04 RCW; adding a new section to chapter 84.36
5 RCW; creating new sections; and providing expiration dates.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
8 encourage the deployment of advanced telecommunications services in
9 rural areas of the state, and in furtherance thereof, to provide tax
10 exemptions and credits. The exemptions and credits are available only
11 to telecommunications companies. It is the intent of the legislature
12 that the exemptions and credits provided by this act apply not only to
13 facilities and equipment for technologies currently available, but also
14 to those that may become available in the future.

15 The legislature finds that it is in the public interest of all
16 residents of the state to ensure that advanced telecommunications
17 services are deployed in rural areas of the state so that the rural
18 areas of the state may serve as areas for economic development, reduce

1 use of the public highways by encouraging telecommuting through the use
2 of advanced services, and to benefit the environment of the state.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
4 to read as follows:

5 (1) The tax levied by RCW 82.08.020 does not apply to sales to or
6 by telecommunications companies of machinery and equipment, and to
7 services rendered by or to telecommunications companies in respect to
8 constructing structures or telecommunications facilities or repairing,
9 altering, or improving such structures or facilities or to sales of
10 tangible personal property that become an ingredient or component of
11 eligible structures, machinery, equipment, or facilities if such
12 structure, machinery, equipment, or facility is used for the deployment
13 of telecommunications infrastructure to allow the provisioning of
14 advanced telecommunications services in rural areas of the state.

15 (2) A telecommunications company taking the exemption under this
16 section must keep records necessary for the department to verify
17 eligibility under this section. The exemption is available only when
18 the buyer provides the seller with an exemption certificate in a form
19 and manner prescribed by the department. The seller shall retain a
20 copy of the certificate for the seller's files.

21 (3) This section expires January 1, 2008.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
23 to read as follows:

24 (1) The provisions of this chapter do not apply in respect to the
25 use of machinery, equipment, or facilities used by telecommunications
26 companies to provide advanced telecommunications services to rural
27 areas of the state, or tangible personal property that becomes an
28 ingredient or component of eligible machinery, equipment, or facilities
29 used by telecommunications companies to provide advanced
30 telecommunications services to rural areas of the state.

31 (2) A telecommunications company taking the exemption under this
32 section must keep records necessary for the department to verify
33 eligibility under this section.

34 (3) This section expires January 1, 2008.

35 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW
36 to read as follows:

1 (1) A telecommunications company that is eligible for the exemption
2 under section 2 or 3 of this act may take a credit against tax imposed
3 by this chapter, subject to the limitations in this section.

4 (2) The credit under this section is equal to fifty percent of the
5 amount of costs expended for constructing structures or facilities or
6 acquiring machinery and equipment for which an exemption was taken
7 under section 2 or 3 of this act.

8 (3) No application is necessary for the credit under this section.
9 A telecommunications company taking the credit must keep records
10 necessary for the department to verify eligibility under this section.
11 A tax credit may not be claimed for expenditures that occurred before
12 the effective date of this section.

13 (4) No applicant is eligible for tax credits under this section in
14 excess of the amount of tax that would otherwise be due under this
15 chapter. Approved credit may not be carried over for more than one
16 calendar year. The credit must be claimed by the due date of the last
17 tax return for the calendar year in which the payment is made. Any
18 unused credit remaining, unapplied after the due date of the last tax
19 return for the first calendar year after the year in which the credit
20 arose, expires. Refunds shall not be given in place of credits.

21 (5) This section expires January 1, 2008.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36 RCW
23 to read as follows:

24 (1) Personal property eligible for exemption under section 2 or 3
25 of this act is exempt from taxation.

26 (2) This section applies to taxes levied for collection in 2002
27 through 2008.

28 (3) This section expires January 1, 2009.

29 NEW SECTION. **Sec. 6.** As used in this act:

30 (1) "Rural areas of the state" means those areas that are both (a)
31 outside the limits of any incorporated city of the first class, and (b)
32 outside of a corridor in the counties of Snohomish, King, and Pierce,
33 the width of which corridor is three miles on either side of Interstate
34 5.

35 (2) "Telecommunications company" is defined as provided in RCW
36 80.04.010 and includes competitive telecommunications companies as

1 classified under RCW 80.36.320, radio communications service companies,
2 and cable television service companies.

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