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HOUSE BILL 1239

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State of Washington

57th Legislature

2001 Regular Session

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 01/22/2001. Referred to Committee on Technology, Telecommunications & Energy.

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 as defined in RCW 80.04.010. It is the  
12 intent of the legislature that the exemptions and credits provided by  
13 this act apply not only to facilities and equipment for technologies  
14 currently available, but also to those that may become available in the  
15 future.

16 The legislature finds that it is in the public interest of all  
17 residents of the state to ensure that advanced telecommunications  
18 services are deployed in rural areas of the state so that the rural  
19 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, "rural areas of the  
30 state" means those areas that are both (1) outside the limits of any  
31 incorporated city of the first class, and (2) outside of a corridor in  
32 the counties of Snohomish, King, and Pierce, the width of which  
33 corridor is three miles on either side of Interstate 5.

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