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SENATE BILL 6480

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State of Washington

64th Legislature

2016 Regular Session

By Senator Ericksen

Read first time 01/21/16. Referred to Committee on Energy,  
Environment & Telecommunications.

1 AN ACT Relating to creating a business and occupation tax credit  
2 for capital costs associated with providing retail broadband service  
3 using qualified broadband equipment; and adding a new section to  
4 chapter 82.04 RCW.

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  
7 RCW to read as follows:

8 (1) Subject to the limitations in this section, a credit is  
9 allowed against the taxes imposed under this chapter for the capital  
10 costs associated with providing retail broadband service using  
11 qualified broadband equipment, including taxes paid under chapters  
12 82.08 and 82.12 RCW.

13 (2) A person claiming the credit for taxes paid under chapters  
14 82.08 and 82.12 RCW on the capital costs associated with providing  
15 retail broadband service using qualified broadband equipment must  
16 have paid the taxes under chapters 82.08 and 82.12 RCW in order to  
17 claim the credit under this chapter.

18 (3) The credit is equal to fifty percent of the costs to be  
19 divided equally over fifteen years.

20 (4) Credits earned under this section may be claimed against  
21 taxes due or paid for the calendar year in which the contribution is

1 made. The amount of credit claimed for a reporting period may not  
2 exceed the tax otherwise due under this chapter for that reporting  
3 period.

4 (5) Any amount of tax credit allowable under this section not  
5 claimed by the person in any calendar year may be carried over and  
6 claimed against the person's tax liability for the next succeeding  
7 calendar year. Any credit remaining unused in the next succeeding  
8 calendar year may be carried forward and claimed against the person's  
9 tax liability for the second succeeding calendar year; and any credit  
10 not used in that second succeeding calendar year may be carried over  
11 and claimed against the person's tax liability for the third  
12 succeeding calendar year, but may not be carried over for any  
13 calendar year thereafter.

14 (6) Credits are available on a first in-time basis. The  
15 department must disallow any credits, or portion thereof, that would  
16 cause the total amount of credits claimed under this section to  
17 exceed fifty million dollars. If this limitation is reached, the  
18 department must notify all businesses that the annual statewide limit  
19 has been met. In addition, the department must provide written notice  
20 to any person who has claimed tax credits in excess of the limitation  
21 in this subsection. The notice must indicate the amount of tax due  
22 and provide that the tax be paid within thirty days from the date of  
23 the notice. The department may not assess penalties and interest as  
24 provided in chapter 82.32 RCW on the amount due in the initial notice  
25 if the amount due is paid by the due date specified in the notice, or  
26 any extension thereof.

27 (7) To claim a credit under this section, a person must  
28 electronically file with the department all returns, forms, and any  
29 other information required by the department, in an electronic format  
30 as provided or approved by the department. Any return, form, or  
31 information required to be filed in an electronic format under this  
32 section is not filed until received by the department in an  
33 electronic format. As used in this subsection, "returns" has the same  
34 meaning as "return" in RCW 82.32.050.

35 (8) No application is necessary for the tax credit. The person  
36 must keep records necessary for the department to verify eligibility  
37 under this section.

38 (9) A person receiving a credit under this section must provide  
39 to the department, upon request, such information needed to verify  
40 eligibility for credit under this section, including information

1 regarding capital costs that are claimed for credits under this  
2 section.

3 (10) The department may not allow any credit under this section  
4 before July 1, 2016.

5 (11) No credit may be earned for costs incurred on or after July  
6 1, 2021.

7 (12) The definitions in this subsection apply throughout this  
8 section unless the context clearly requires otherwise.

9 (a) "Broadband" means a high-speed broadband telecommunications  
10 capability with minimum speeds of ten Mbps downstream and one Mbps  
11 upstream, measured at the most remote user location, that enables  
12 users to originate and receive high-quality voice, data, graphics,  
13 and video using any technology.

14 (b) "Qualified broadband equipment" means telecommunications  
15 network transmission equipment located in an underserved area in the  
16 state that is necessary for and primarily used to provide retail  
17 broadband service by wire or radio with the capability to transmit  
18 data to and receive data from substantially all internet end points  
19 with minimum speeds of ten Mbps downstream and one Mbps upstream,  
20 measured at the most remote user location.

21 (c) "Underserved area" means United States areas designated by  
22 the Washington utilities and transportation commission as having  
23 either no broadband access or limited broadband access based on  
24 information presented by businesses providing retail broadband  
25 service and any information utilized by the federal communications  
26 commission and the national telecommunications and information  
27 administration. Underserved area also means those areas lacking  
28 reliability and redundancy.

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