
HOUSE BILL 2624

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By Representatives Jones, Kessler, Basich, Foreman, Holm, Zellinsky, Brumsickle, Forner, Brough, Dyer, Kremen, Mielke, Van Luven, Chandler and Long

Read first time 01/19/94. Referred to Committee on Revenue.

1 AN ACT Relating to pollution control tax incentives; amending RCW
2 82.34.010, 82.34.020, 82.34.060, and 82.34.080; repealing RCW
3 82.34.015; and providing an effective date.

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

5 **Sec. 1.** RCW 82.34.010 and 1988 c 127 s 36 are each amended to read
6 as follows:

7 Unless a different meaning is plainly required by the context, the
8 following words as hereinafter used in this chapter shall have the
9 following meanings:

10 (1) "Facility" shall mean an "air pollution control facility" or a
11 "water pollution control facility" as ((herein)) defined in this
12 subsection: (a) "Air pollution control facility" includes any
13 treatment works, control devices and disposal systems, machinery,
14 equipment, structures, property or any part or accessories ((thereof)),
15 installed or acquired for the primary purpose of reducing, controlling
16 or disposing of industrial waste which if released to the outdoor
17 atmosphere could cause air pollution. "Air pollution control facility"
18 shall not mean any motor vehicle air pollution control devices used to
19 control the emission of air contaminants from any motor vehicle. (b)

1 "Water pollution control facility" includes any treatment works,
2 control device or disposal system, machinery, equipment, structures,
3 property or any accessories thereof installed or acquired for the
4 primary purpose of reducing, controlling or disposing of sewage and
5 industrial waste which if released to a water course could cause water
6 pollution(~~(:—PROVIDED, That)~~). The word "facility" shall not be
7 construed to include any control device, machinery, equipment,
8 structure, disposal system or other property installed or constructed:
9 For a municipal corporation other than for coal-fired, steam electric
10 generating plants constructed and operated pursuant to chapter 54.44
11 RCW for which an application for a certificate was made no later than
12 December 31, 1969, together with any air or water pollution control
13 facility improvement which may be made hereafter to such plants; or for
14 the primary purpose of connecting any commercial establishment with the
15 waste collecting facilities of public or privately owned utilities(~~(:—~~
16 ~~PROVIDED FURTHER, That)~~). The word "facility" shall not include any
17 control device, machinery, equipment, structure, disposal system, or
18 other property installed or constructed with the proceeds derived from
19 the sale of industrial revenue bonds issued under chapter 39.84 RCW.

20 (2) "Industrial waste" shall mean any liquid, gaseous, radioactive
21 or solid waste substance or combinations thereof resulting from any
22 process of industry, manufacture, trade or business, or from the
23 development or recovery of any natural resources.

24 (3) "Treatment works" or "control device" shall mean any machinery,
25 equipment, structure or property which is installed, constructed or
26 acquired for the primary purpose of controlling air or water pollution
27 and shall include, but shall not be limited to such devices as
28 precipitators, scrubbers, towers, filters, baghouses, incinerators,
29 evaporators, reservoirs, aerators used for the purpose of treating,
30 stabilizing, incinerating, holding, removing or isolating sewage and
31 industrial wastes.

32 (4) "Disposal system" shall mean any system containing treatment
33 works or control devices and includes but is not limited to pipelines,
34 outfalls, conduits, pumping stations, force mains, solids handling
35 equipment, instrumentation and monitoring equipment, ducts, fans,
36 vents, hoods and conveyors and all other construction, devices,
37 appurtenances and facilities used for collecting or conducting, sewage
38 and industrial waste to a point of disposal, treatment or isolation
39 except that which is necessary to manufacture of products.

1 (5) "Certificate" shall mean a pollution control tax exemption and
2 credit certificate (~~(for which application has been made not later than~~
3 ~~December 31, 1969, except as follows:~~

4 ~~(a) With respect to a facility required to be installed, such~~
5 ~~application will be deemed timely made if made not later than November~~
6 ~~30, 1981, and within one year after the effective date of specific~~
7 ~~requirements for such facility promulgated by the appropriate control~~
8 ~~agency.~~

9 ~~(b) With respect to a water pollution control facility for which an~~
10 ~~application was made in anticipation of specific requirements for such~~
11 ~~facility being promulgated by the appropriate control agency, an~~
12 ~~application will be deemed timely made if made during November, 1981,~~
13 ~~and subsequently denied, and if an appeal of the agency's denial of the~~
14 ~~application was filed in a timely manner.~~

15 ~~(c) With respect to a facility for which plans and specifications~~
16 ~~were approved by the appropriate control agency, an application will be~~
17 ~~deemed timely made if made during November, 1981, and subsequently~~
18 ~~denied, and if an appeal of the agency's denial of the application was~~
19 ~~filed in a timely manner.~~

20 ~~(d) For the purposes of (a), (b), and (c) of this subsection,~~
21 ~~"facility" means a facility installed in an industrial, manufacturing,~~
22 ~~waste disposal, utility, or other commercial establishment which is in~~
23 ~~operation or under construction as of July 30, 1967.~~

24 ~~(6) "Appropriate control agency" shall mean the department of~~
25 ~~ecology; or the operating local or regional air pollution control~~
26 ~~agency within whose jurisdiction a facility is or will be located, or~~
27 ~~the department of ecology, where the facility is not or will not be~~
28 ~~located within the area of an operating local or regional air pollution~~
29 ~~control agency, or where the department of ecology has assumed~~
30 ~~jurisdiction)).~~

31 ~~((7))~~ (6) "Department" shall mean the department of revenue.

32 **Sec. 2.** RCW 82.34.020 and 1981 2nd ex.s. c 9 s 2 are each amended
33 to read as follows:

34 An application for a certificate shall be filed with the department
35 not later than ~~((November 30, 1981))~~ December 31, 1999, and in such
36 manner and in such form as may be prescribed by the department. The
37 application shall contain estimated or actual costs, plans and
38 specifications of the facility including all materials incorporated or

1 to be incorporated (~~therein~~) in the facility and a list describing,
2 and showing the cost, of all equipment acquired or to be acquired by
3 the applicant for the purpose of pollution control, together with the
4 operating procedure for the facility, or a time schedule for the
5 acquisition and installation or attachment of the facility and the
6 proposed operating procedure for such facility.

7 **Sec. 3.** RCW 82.34.060 and 1981 2nd ex.s. c 9 s 3 are each amended
8 to read as follows:

9 (1) (~~On and after July 30, 1967,~~) An application for a
10 determination of the cost of an existing or newly completed pollution
11 control facility may be filed with the department in such manner and in
12 such form as may be prescribed by the department. The application
13 shall contain the final cost figures for the installation of the
14 facility and reasonable supporting documents and other proof as
15 required by the department. In the event such facility is not already
16 covered by a certificate issued for the purpose of authorizing the tax
17 exemption or credit provided for in this chapter, the department shall
18 seek the approval of the facility from the appropriate control agency.
19 For any application for a certificate or supplement (~~which was filed~~
20 ~~with the department not later than November 30, 1981~~), the department
21 shall determine the final cost of the pollution control facility and
22 issue a supplement to the existing certificate or an original
23 certificate stating the cost of the pollution control facility(~~+~~
24 PROVIDED, That), however the cost of an existing pollution control
25 facility shall be the depreciated value (~~thereof~~) of the facility at
26 the time of application filed pursuant to this section.

27 (2) When the operation of a facility has commenced and a
28 certificate pertaining (~~thereto~~) to the facility has been issued, a
29 credit may be claimed against taxes imposed pursuant to chapters 82.04,
30 82.12 and 82.16 RCW. The amount of such credit shall be two percent of
31 the cost of a facility covered by the certificate for each year the
32 certificate remains in force. Such credits shall be cumulative and
33 shall be subject only to the following limitations:

34 (a) No credit exceeding fifty percent of the taxes payable under
35 chapters 82.04, 82.12 and 82.16 RCW shall be allowed in any reporting
36 period;

37 (b) The net commercial value of any materials captured or recovered
38 through use of a facility shall, first, reduce the credit allowable in

1 the current reporting period and thereafter be applied to reduce any
2 credit balance allowed and not yet utilized(~~(:—PROVIDED, That)~~). For
3 the purposes of this chapter the determination of "net commercial
4 value" shall not include a deduction for the cost or depreciation of
5 the facility.

6 (c) The total cumulative amount of such credits allowed for any
7 facility covered by a certificate shall not exceed fifty percent of the
8 cost of such facility.

9 (d) The total cumulative amount of credits against state taxes
10 authorized by this chapter shall be reduced by the total amount of any
11 federal investment credit or other federal tax credit actually received
12 by the certificate holder applicable to the facility. This reduction
13 shall be made as an offset against the credit claimed in the first
14 reporting period following the allowance of such investment credit, and
15 thereafter as an offset against any credit balance as it shall become
16 available to the certificate holder.

17 (3) Applicants and certificate holders shall provide the department
18 with information showing the net commercial value of materials captured
19 or recovered by a facility and shall make all pertinent books and
20 records available for examination by the department for the purposes of
21 determining the credit provided by this chapter.

22 **Sec. 4.** RCW 82.34.080 and 1981 2nd ex.s. c 9 s 4 are each amended
23 to read as follows:

24 If subsequent to the issuance of a certificate or supplement for a
25 facility, a determination is made to modify or replace such facility,
26 the holder (~~(thereof)~~) of a certificate or supplement may file an
27 application for a new certificate or supplement covering such modified
28 or replacement facility in accordance with the procedures set forth in
29 this chapter for original certificates and supplements (~~(thereto:~~
30 ~~PROVIDED, That an application for a new certificate or supplement~~
31 ~~covering such modified or replacement facility must be filed with the~~
32 ~~department not later than November 30, 1981)) to certificates. After
33 the issuance by the department of any new certificate or supplement,
34 all subsequent tax exemptions and credits for the modified or
35 replacement facility shall be based (~~(thereon)~~) on the new certificate
36 or supplement.~~

1 NEW SECTION. **Sec. 5.** RCW 82.34.015 and 1984 c 42 s 2 are each
2 repealed.

3 NEW SECTION. **Sec. 6.** This act shall take effect July 1, 1994.

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