
SENATE BILL 5549

State of Washington 52nd Legislature 1991 Regular Session

By Senators Conner, Snyder, Wojahn and Owen.

Read first time February 6, 1991. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to tax deferrals for hotel and motel investment
2 projects; and amending RCW 82.61.010 and 82.61.030.

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

4 **Sec. 1.** RCW 82.61.010 and 1988 c 41 s 1 are each amended to read
5 as follows:

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

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

10 (2) "Person" has the meaning given in RCW 82.04.030.

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

12 (4) "Eligible investment project" means:

13 (a) Construction of new buildings and the acquisition of new
14 related machinery and equipment when the buildings, machinery, and
15 equipment are to be used for either tourism accommodations,

1 manufacturing, or research and development activities, which
2 construction is commenced prior to December 31, 1994; or

3 (b) Acquisition prior to December 31, 1994, of new machinery and
4 equipment to be used for either manufacturing or research and
5 development if the machinery and equipment is housed in a new leased
6 structure: PROVIDED, That the lessor/owner of the structure is not
7 eligible for a deferral unless the underlying ownership of the
8 buildings, machinery, and equipment vests exclusively in the same
9 person; or

10 (c) Acquisition of all new or used machinery, equipment, or other
11 personal property for use in the production or casting of aluminum at
12 an aluminum smelter or at facilities related to an aluminum smelter, if
13 the plant was in operation prior to 1975 and has ceased operations or
14 is in imminent danger of ceasing operations for economic reasons, as
15 determined by the department, and if the person applying for a deferral
16 (i) has consulted with any collective bargaining unit that represented
17 employees of the plant pursuant to a collective bargaining agreement
18 that was in effect either immediately prior to the time the plant
19 ceased operations or during the period when the plant was in imminent
20 danger of ceasing operations, on the proposed operation of the plant
21 and on the terms and conditions of employment for wage and salaried
22 employees and (ii) has obtained a written concurrence from the
23 bargaining unit on the decision to apply for a deferral under this
24 chapter; or

25 (d) Modernization projects involving construction, acquisition, or
26 upgrading of equipment or machinery, including services and labor,
27 which are commenced after May 19, 1987, and are intended to increase
28 the operating efficiency of existing plants which are either aluminum
29 smelters or aluminum rolling mills or of facilities related to such
30 plants, if the plant was in operation prior to 1975, and if the person

1 applying for a deferral (i) has consulted with any collective
2 bargaining unit that represents employees of the plant on the proposed
3 operation of the plant and the terms and conditions of employment for
4 wage and salaried employees and (ii) has obtained a written concurrence
5 from the bargaining unit on the decision to apply for a deferral under
6 this chapter.

7 (5) "Manufacturing" means all activities of a commercial or
8 industrial nature wherein labor or skill is applied, by hand or
9 machinery, to materials so that as a result thereof a new, different,
10 or useful substance or article of tangible personal property is
11 produced for sale or commercial or industrial use and includes the
12 production or fabrication of specially made or custom-made articles.

13 (6) "Research and development" means the development, refinement,
14 testing, marketing, and commercialization of a product, service, or
15 process before commercial sales have begun.

16 (7) "Buildings" means only those new structures used for either
17 manufacturing or research and development activities, including plant
18 offices and warehouses or other facilities for the storage of raw
19 materials or finished goods if such facilities are an essential or an
20 integral part of a factory, mill, plant, or laboratory used for
21 manufacturing or research and development purposes. If a building is
22 used partly for manufacturing or research and development and partly
23 for other purposes, the applicable tax deferral shall be determined by
24 apportionment of the costs of construction under rules adopted by the
25 department.

26 (8) "Machinery and equipment" means all industrial and research
27 fixtures, equipment, and support facilities that are an integral and
28 necessary part of a manufacturing or research and development
29 operation. "Qualified machinery and equipment" includes computers;
30 software; data processing equipment; laboratory equipment;

1 manufacturing components such as belts, pulleys, shafts, and moving
2 parts; molds, tools, and dies; operating structures; and all equipment
3 used to control or operate the machinery. For purposes of this
4 chapter, new machinery and equipment means either new to the taxing
5 jurisdiction of the state or new to the certificate holder. Used
6 machinery and equipment may be treated as new equipment and machinery
7 if the certificate holder either brings the machinery and equipment
8 into Washington or makes a retail purchase of the machinery and
9 equipment in Washington or elsewhere.

10 (9) "Qualified employment position" means a permanent full-time
11 employee employed in the eligible investment project during the entire
12 tax year.

13 (10) "Recipient" means a person receiving a tax deferral under this
14 chapter.

15 (11) "Certificate holder" means an applicant to whom a tax deferral
16 certificate has been issued.

17 (12) "Operationally complete" means constructed or improved to the
18 point of being functionally useable for the intended purpose.

19 (13) "Initiation of construction" means that date upon which on-
20 site construction commences.

21 (14) "Tourism accommodations" means hotels or motels, but does not
22 mean tourist camps, trailer courts, rooming houses, or other similar
23 accommodations.

24 **Sec. 2.** RCW 82.61.030 and 1987 c 497 s 3 are each amended to read
25 as follows:

26 Except for eligible projects for tourist accommodations and
27 eligible projects within the definitions in RCW 82.61.010(4) (c) or
28 (d), a tax deferral certificate shall only be issued to persons who, on
29 June 14, 1985, are not engaged in manufacturing or research and

1 development activities within this state. For purposes of this
2 section, a person shall not be considered to be engaged in
3 manufacturing or research and development activities where the only
4 activities performed by such person in this state are sales,
5 installation, repair, or promotional activities in respect to products
6 manufactured outside this state. Any person who has succeeded by
7 merger, consolidation, incorporation or any other form or change of
8 identity to the business of a person engaged in manufacturing or
9 research and development activities in this state on June 14, 1985, and
10 any person who is a subsidiary of a person engaged in manufacturing or
11 research and development activities in this state on June 14, 1985,
12 shall also be ineligible to receive a tax deferral certificate.