
HOUSE BILL 1616

State of Washington 53rd Legislature 1993 Regular Session

By Representatives Chandler, Sheldon, Casada, Hansen, Forner,
Wineberry, Padden, Kremen and Lisk

Read first time 02/03/93. Referred to Committee on Revenue.

1 AN ACT Relating to tax deferrals; and amending RCW 82.61.010.

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

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

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

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

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

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

11 (4) "Eligible investment project" means:

12 (a) Construction of new buildings and the acquisition of new
13 related machinery and equipment when the buildings, machinery, and
14 equipment are to be used for either manufacturing, distribution, or
15 research and development activities, which construction is commenced
16 prior to December 31, 1994; or

17 (b) Acquisition prior to December 31, 1994, of new machinery and
18 equipment to be used for either manufacturing, distribution, or
19 research and development if the machinery and equipment is housed in a

1 new leased structure: PROVIDED, That the lessor/owner of the structure
2 is not eligible for a deferral unless the underlying ownership of the
3 buildings, machinery, and equipment vests exclusively in the same
4 person; or

5 (c) Acquisition of all new or used machinery, equipment, or other
6 personal property for use in the production or casting of aluminum at
7 an aluminum smelter or at facilities related to an aluminum smelter, if
8 the plant was in operation prior to 1975 and has ceased operations or
9 is in imminent danger of ceasing operations for economic reasons, as
10 determined by the department, and if the person applying for a deferral

11 (i) has consulted with any collective bargaining unit that represented
12 employees of the plant pursuant to a collective bargaining agreement
13 that was in effect either immediately prior to the time the plant
14 ceased operations or during the period when the plant was in imminent
15 danger of ceasing operations, on the proposed operation of the plant
16 and on the terms and conditions of employment for wage and salaried
17 employees and (ii) has obtained a written concurrence from the
18 bargaining unit on the decision to apply for a deferral under this
19 chapter; or

20 (d) Modernization projects involving construction, acquisition, or
21 upgrading of equipment or machinery, including services and labor,
22 which are commenced after May 19, 1987, and are intended to increase
23 the operating efficiency of existing plants which are either aluminum
24 smelters or aluminum rolling mills or of facilities related to such
25 plants, if the plant was in operation prior to 1975, and if the person
26 applying for a deferral (i) has consulted with any collective
27 bargaining unit that represents employees of the plant on the proposed
28 operation of the plant and the terms and conditions of employment for
29 wage and salaried employees and (ii) has obtained a written concurrence
30 from the bargaining unit on the decision to apply for a deferral under
31 this chapter.

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

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

4 (7) "Buildings" means only those new structures used for either
5 manufacturing or research and development activities, including plant
6 offices and warehouses or other facilities for the storage of raw
7 materials or finished goods if such facilities are an essential or an
8 integral part of a factory, mill, plant, or laboratory used for
9 manufacturing or research and development purposes. If a building is
10 used partly for manufacturing or research and development and partly
11 for other purposes, the applicable tax deferral shall be determined by
12 apportionment of the costs of construction under rules adopted by the
13 department.

14 (8) "Machinery and equipment" means all industrial and research
15 fixtures, equipment, and support facilities that are an integral and
16 necessary part of a manufacturing or research and development
17 operation. "Qualified machinery and equipment" includes computers;
18 software; data processing equipment; laboratory equipment;
19 manufacturing components such as belts, pulleys, shafts, and moving
20 parts; molds, tools, and dies; operating structures; and all equipment
21 used to control or operate the machinery. For purposes of this
22 chapter, new machinery and equipment means either new to the taxing
23 jurisdiction of the state or new to the certificate holder. Used
24 machinery and equipment may be treated as new equipment and machinery
25 if the certificate holder either brings the machinery and equipment
26 into Washington or makes a retail purchase of the machinery and
27 equipment in Washington or elsewhere.

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

31 (10) "Recipient" means a person receiving a tax deferral under this
32 chapter.

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

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

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

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