

---

SENATE BILL 5231

---

State of Washington

53rd Legislature

1993 Regular Session

By Senators Snyder, Hargrove, Amondson, Owen, Erwin, McCaslin, L. Smith, Jesernig, Prentice, Winsley, Quigley and Roach

Read first time 01/18/93. Referred to Committee on Ways & Means.

1 AN ACT Relating to economic development; amending RCW 82.61.010 and  
2 82.61.070; and repealing RCW 82.60.050, 82.61.040, and 82.62.040.

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 manufacturing or research and  
16 development activities(~~((, which construction is commenced prior to~~  
17 ~~December 31, 1994))~~); or

18 (b) Acquisition (~~((prior to December 31, 1994,))~~) of new machinery  
19 and equipment to be used for either manufacturing or research and

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

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

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

33 (5) "Manufacturing" means all activities of a commercial or  
34 industrial nature wherein labor or skill is applied, by hand or  
35 machinery, to materials so that as a result thereof a new, different,  
36 or useful substance or article of tangible personal property is  
37 produced for sale or commercial or industrial use and includes the  
38 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.

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

1       **Sec. 2.** RCW 82.61.070 and 1988 c 41 s 3 are each amended to read  
2 as follows:

3       The department and the department of trade and economic development  
4 shall jointly report to the legislature about the effects of this  
5 chapter on new manufacturing and research and development activities in  
6 this state. The report shall contain information concerning the number  
7 of deferral certificates granted, the amount of sales tax deferred, the  
8 number of jobs created and other information useful in measuring such  
9 effects. Reports shall be submitted by January 1, 1986, and by January  
10 1 of each year (~~((through 1995))~~) thereafter.

11       NEW SECTION. **Sec. 3.** The following acts or parts of acts are each  
12 repealed:

- 13       (1) RCW 82.60.050 and 1988 c 41 s 5 & 1985 c 232 s 10;  
14       (2) RCW 82.61.040 and 1988 c 41 s 2, 1986 c 116 s 10, & 1985 ex.s.  
15 c 2 s 8; and  
16       (3) RCW 82.62.040 and 1988 c 41 s 4 & 1986 c 116 s 22.

--- END ---