
SENATE BILL 6583

State of Washington

53rd Legislature

1994 Regular Session

By Senators Sheldon and Oke

Read first time 02/01/94. Referred to Committee on Trade, Technology & Economic Development.

1 AN ACT Relating to definitions of distressed areas; and amending
2 RCW 43.165.010, 82.60.020, and 82.62.010.

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

4 **Sec. 1.** RCW 43.165.010 and 1987 c 461 s 1 are each amended to read
5 as follows:

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

8 (1) "Department" means the department of community, trade, and
9 economic development.

10 (2) "Director" means the director of the department.

11 (3) "Distressed area" means: (a) A county that has an unemployment
12 rate that is twenty percent above the state-wide average for the
13 previous three years; or (b) a community or area that has experienced
14 sudden and severe or long-term and severe loss of employment, ~~((or))~~
15 erosion of its economic base due to decline of its dominant industries,
16 or a significant reduction in force of federal department of defense
17 personnel; or (c) an area within a county which area: (i) Is composed
18 of contiguous census tracts; (ii) has a minimum population of five
19 thousand persons; (iii) has at least seventy percent of its families

1 and unrelated individuals with incomes below eighty percent of the
2 county's median income for families and unrelated individuals; and (iv)
3 has an unemployment rate which is at least forty percent higher than
4 the county's unemployment rate. For purposes of this definition,
5 "families and unrelated individuals" has the same meaning that is
6 ascribed to that term by the federal department of housing and urban
7 development in its regulations authorizing action grants for economic
8 development and neighborhood revitalization projects.

9 (4) "Economic development revolving loan funds" means a local, not-
10 for-profit or governmentally sponsored business loan program.

11 (5) "Team" means the community revitalization team.

12 (6) "Technical assistance" includes, but is not limited to,
13 assistance with strategic planning, market research, business plan
14 development review, organization and management development, accounting
15 and legal services, grant and loan packaging, and other assistance
16 which may be expected to contribute to the redevelopment and economic
17 well-being of a distressed area.

18 **Sec. 2.** RCW 82.60.020 and 1993 sp.s. c 25 s 403 are each amended
19 to read as follows:

20 Unless the context clearly requires otherwise, the definitions in
21 this section apply throughout this chapter.

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

24 (2) "Department" means the department of revenue.

25 (3) "Eligible area" means: (a) A county in which the average level
26 of unemployment for the three years before the year in which an
27 application is filed under this chapter exceeds the average state
28 unemployment for those years by twenty percent or where thirty percent
29 or more of total employment is federal department of defense-related
30 and the department of defense has announced a base closure or
31 significant reduction in force in the county within the preceding three
32 years; (b) a metropolitan statistical area, as defined by the office of
33 federal statistical policy and standards, United States department of
34 commerce, in which the average level of unemployment for the calendar
35 year immediately preceding the year in which an application is filed
36 under this chapter exceeds the average state unemployment for such
37 calendar year by twenty percent; or (c) a designated neighborhood
38 reinvestment area approved under RCW 43.63A.700.

1 (4)(a) "Eligible investment project" means that portion of an
2 investment project which:

3 (i) Is directly utilized to create at least one new full-time
4 qualified employment position for each three hundred thousand dollars
5 of investment on which a deferral is requested; and

6 (ii) Either initiates a new operation, or expands or diversifies a
7 current operation by expanding or renovating an existing building with
8 costs in excess of twenty-five percent of the true and fair value of
9 the plant complex prior to improvement; or

10 (iii) Acquires machinery and equipment to be used for either
11 manufacturing or research and development if the machinery and
12 equipment is housed in a new leased structure. The lessor/owner of the
13 structure is not eligible for a deferral unless the underlying
14 ownership of the buildings, machinery, and equipment vests exclusively
15 in the same person.

16 (b) "Eligible investment project" does not include any portion of
17 an investment project undertaken by a light and power business as
18 defined in RCW 82.16.010(5) or investment projects which have already
19 received deferrals under this chapter.

20 (5) "Investment project" means an investment in qualified buildings
21 and qualified machinery and equipment, including labor and services
22 rendered in the planning, installation, and construction of the
23 project.

24 (6) "Manufacturing" means all activities of a commercial or
25 industrial nature wherein labor or skill is applied, by hand or
26 machinery, to materials so that as a result thereof a new, different,
27 or useful substance or article of tangible personal property is
28 produced for sale or commercial or industrial use and shall include the
29 production or fabrication of specially made or custom made articles.
30 "Manufacturing" also includes computer programming, the production of
31 computer software, and other computer-related services, and the
32 activities performed by research and development laboratories and
33 commercial testing laboratories.

34 (7) "Person" has the meaning given in RCW 82.04.030.

35 (8) "Qualified buildings" means new structures used for
36 manufacturing and research and development activities, including plant
37 offices and warehouses or other facilities for the storage of raw
38 material or finished goods if such facilities are an essential or an
39 integral part of a factory, mill, plant, or laboratory used for

1 manufacturing or research and development. If a building is used
2 partly for manufacturing or research and development and partly for
3 other purposes, the applicable tax deferral shall be determined by
4 apportionment of the costs of construction under rules adopted by the
5 department.

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

9 (10) "Qualified machinery and equipment" means all new industrial
10 and research fixtures, equipment, and support facilities that are an
11 integral and necessary part of a manufacturing or research and
12 development operation. "Qualified machinery and equipment" includes:
13 Computers; software; data processing equipment; laboratory equipment;
14 manufacturing components such as belts, pulleys, shafts, and moving
15 parts; molds, tools, and dies; operating structures; and all equipment
16 used to control or operate the machinery.

17 (11) "Recipient" means a person receiving a tax deferral under this
18 chapter.

19 (12) "Research and development" means the development, refinement,
20 testing, marketing, and commercialization of a product, service, or
21 process before commercial sales have begun. As used in this
22 subsection, "commercial sales" excludes sales of prototypes or sales
23 for market testing if the total gross receipts from such sales of the
24 product, service, or process do not exceed one million dollars.

25 **Sec. 3.** RCW 82.62.010 and 1993 sp.s. c 25 s 410 are each amended
26 to read as follows:

27 Unless the context clearly requires otherwise, the definitions in
28 this section apply throughout this chapter.

29 (1) "Applicant" means a person applying for a tax credit under this
30 chapter.

31 (2) "Department" means the department of revenue.

32 (3) "Eligible area" means: (a) A county in which the average level
33 of unemployment for the three years before the year in which an
34 application is filed under this chapter exceeds the average state
35 unemployment for those years by twenty percent or where thirty percent
36 or more of total employment is federal department of defense-related
37 and the department of defense has announced a base closure or
38 significant reduction in force in the county within the preceding three

1 years; (b) a metropolitan statistical area, as defined by the office of
2 federal statistical policy and standards, United States department of
3 commerce, in which the average level of unemployment for the calendar
4 year immediately preceding the year in which an application is filed
5 under this chapter exceeds the average state unemployment for such
6 calendar year by twenty percent; (c) a designated neighborhood
7 reinvestment area approved under RCW 43.63A.700; or (d) subcounty areas
8 in those counties that are not covered under (a) of this subsection
9 that are timber impact areas as defined in RCW 43.31.601.

10 (4)(a) "Eligible business project" means manufacturing or research
11 and development activities which are conducted by an applicant in an
12 eligible area at a specific facility, provided the applicant's average
13 full-time qualified employment positions at the specific facility will
14 be at least fifteen percent greater in the year for which the credit is
15 being sought than the applicant's average full-time qualified
16 employment positions at the same facility in the immediately preceding
17 year.

18 (b) "Eligible business project" does not include any portion of a
19 business project undertaken by a light and power business as defined in
20 RCW 82.16.010(5) or that portion of a business project creating
21 qualified full-time employment positions outside an eligible area or
22 those recipients of a sales tax deferral under chapter 82.61 RCW.

23 (5) "Manufacturing" means all activities of a commercial or
24 industrial nature wherein labor or skill is applied, by hand or
25 machinery, to materials so that as a result thereof a new, different,
26 or useful substance or article of tangible personal property is
27 produced for sale or commercial or industrial use and shall include the
28 production or fabrication of specially made or custom made articles.
29 "Manufacturing" also includes computer programming, the production of
30 computer software, and other computer-related services, and the
31 activities performed by research and development laboratories and
32 commercial testing laboratories.

33 (6) "Person" has the meaning given in RCW 82.04.030.

34 (7) "Qualified employment position" means a permanent full-time
35 employee employed in the eligible business project during the entire
36 tax year.

37 (8) "Tax year" means the calendar year in which taxes are due.

38 (9) "Recipient" means a person receiving tax credits under this
39 chapter.

1 (10) "Research and development" means the development, refinement,
2 testing, marketing, and commercialization of a product, service, or
3 process before commercial sales have begun. As used in this
4 subsection, "commercial sales" excludes sales of prototypes or sales
5 for market testing if the total gross receipts from such sales of the
6 product, service, or process do not exceed one million dollars.

--- END ---