

5725

Sponsor(s): Senators Zarelli, T. Sheldon, Carlson, Reardon, Benton, Hewitt, Winsley, Hale, Sheahan, Honeyford, Finkbeiner, Johnson and West

Brief Description: Providing tax incentives to support the state's semiconductor cluster.

SB 5725 - DIGEST

(DIGEST AS ENACTED)

Declares an intent to enact comprehensive tax incentives for the semiconductor cluster that address activities of the lead product industry and its suppliers and customers. Tax incentives for the semiconductor cluster are important in both retention and expansion of existing business and attraction of new businesses, all of which will strengthen this cluster.

Recognizes that the semiconductor industry involves major investment that results in significant construction projects, which will create jobs and bring many indirect benefits to the state during the construction phase.

Finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information on how a tax incentive is used.

Provides that a person who reports taxes under RCW 82.04.240(2) or who claims an exemption or credit under section 2 or 5 through 10 of this act, shall make an annual report to the department detailing employment, wages, and employer-provided health and retirement benefits per job at the manufacturing site. The report shall not include names of employees. The report shall also detail employment by the total number of full-time, part-time, and temporary positions.

Provides that, if a person fails to submit an annual report under this act the department shall declare the amount of taxes exempted or credited for that year to be immediately due and payable.

Provides that, by November 1st of the year occurring five years after the effective date of this act, and November 1st of the year occurring eleven years after the effective date of this act, the fiscal committees of the house of representatives and the senate, in consultation with the department, shall report to the legislature on the effectiveness of this act in regard to keeping Washington competitive. The report shall measure the effect of this act on job retention, net jobs created for Washington residents, company growth, diversification of the state's economy, cluster dynamics, and other factors as the committees select. The reports shall include a discussion of principles to apply in evaluating whether the legislature should reenact any or all of the tax preferences in this act.

Declares that this act is contingent upon the siting and commercial operation of a significant semiconductor microchip fabrication facility in the state of Washington.

