

SHB 1523 - S COMM AMD

By Committee on Agriculture & Rural Economic Development

ADOPTED 03/07/2006

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 82.60.020 and 2004 c 25 s 3 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) "Department" means the department of revenue.

10 (3) "Eligible area" means a rural county as defined in RCW  
11 82.14.370.

12 (4)(a) "Eligible investment project" means an investment project in  
13 an eligible area as defined in subsection (3) of this section.

14 (b) The lessor or owner of a qualified building is not eligible for  
15 a deferral unless:

16 (i) The underlying ownership of the buildings, machinery, and  
17 equipment vests exclusively in the same person; or

18 (ii)(A) The lessor by written contract agrees to pass the economic  
19 benefit of the deferral to the lessee;

20 (B) The lessee that receives the economic benefit of the deferral  
21 agrees in writing with the department to complete the annual survey  
22 required under RCW 82.60.070; and

23 (C) The economic benefit of the deferral passed to the lessee is no  
24 less than the amount of tax deferred by the lessor and is evidenced by  
25 written documentation of any type of payment, credit, or other  
26 financial arrangement between the lessor or owner of the qualified  
27 building and the lessee.

28 (c) "Eligible investment project" does not include any portion of  
29 an investment project undertaken by a light and power business as  
30 defined in RCW 82.16.010(5), other than that portion of a cogeneration

1 project that is used to generate power for consumption within the  
2 manufacturing site of which the cogeneration project is an integral  
3 part, or investment projects which have already received deferrals  
4 under this chapter.

5 (5) "Investment project" means an investment in qualified buildings  
6 or qualified machinery and equipment, including labor and services  
7 rendered in the planning, installation, and construction of the  
8 project.

9 (6) "Manufacturing" means the same as defined in RCW 82.04.120.  
10 "Manufacturing" also includes computer programming, the production of  
11 computer software, and other computer-related services, (~~and~~) the  
12 activities performed by research and development laboratories and  
13 commercial testing laboratories, and the conditioning of vegetable  
14 seeds.

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

16 (8) "Qualified buildings" means construction of new structures, and  
17 expansion or renovation of existing structures for the purpose of  
18 increasing floor space or production capacity used for manufacturing  
19 and research and development activities, including plant offices and  
20 warehouses or other facilities for the storage of raw material or  
21 finished goods if such facilities are an essential or an integral part  
22 of a factory, mill, plant, or laboratory used for manufacturing or  
23 research and development. If a building is used partly for  
24 manufacturing or research and development and partly for other  
25 purposes, the applicable tax deferral shall be determined by  
26 apportionment of the costs of construction under rules adopted by the  
27 department.

28 (9) "Qualified employment position" means a permanent full-time  
29 employee employed in the eligible investment project during the entire  
30 tax year. The term "entire tax year" means a full-time position that  
31 is filled for a period of twelve consecutive months. The term "full-  
32 time" means at least thirty-five hours a week, four hundred fifty-five  
33 hours a quarter, or one thousand eight hundred twenty hours a year.

34 (10) "Qualified machinery and equipment" means all new industrial  
35 and research fixtures, equipment, and support facilities that are an  
36 integral and necessary part of a manufacturing or research and  
37 development operation. "Qualified machinery and equipment" includes:  
38 Computers; 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.

4 (11) "Recipient" means a person receiving a tax deferral under this  
5 chapter.

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

12 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2006."

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13 On page 1, line 3 of the title, after "seeds;" strike the remainder  
14 of the title and insert "amending RCW 82.60.020; and providing an  
15 effective date."

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