
HOUSE BILL 2482

State of Washington

53rd Legislature

1994 Regular Session

By Representatives Holm, Foreman, Brough, B. Thomas, Forner, Long, Springer, Kessler, Cooke and Wood; by request of Department of Revenue

Read first time 01/17/94. Referred to Committee on Revenue.

1 AN ACT Relating to extending dates by which construction must be
2 commenced, or machinery and equipment must be acquired, in order to
3 qualify as an eligible investment project for tax deferrals for
4 manufacturing, research, and development projects; and amending RCW
5 82.61.010.

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

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

9 Unless the context clearly requires otherwise, the definitions in
10 this section apply throughout this chapter.

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

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

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

15 (4) "Eligible investment project" means:

16 (a) Construction of new buildings and the acquisition of new
17 related machinery and equipment when the buildings, machinery, and
18 equipment are to be used for either manufacturing or research and

1 development activities, which construction is commenced prior to
2 December 31, (~~(1994)~~) 1998; or

3 (b) Acquisition prior to December 31, (~~(1994)~~) 1998, of new
4 machinery and equipment to be used for either manufacturing or research
5 and development if the machinery and equipment is housed in a new
6 leased structure(~~(:—PROVIDED,—That))~~). The lessor/owner of the
7 structure is not eligible for a deferral unless the underlying
8 ownership of the buildings, machinery, and equipment vests exclusively
9 in the same person; or

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

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

37 (5) "Manufacturing" means all activities of a commercial or
38 industrial nature wherein labor or skill is applied, by hand or
39 machinery, to materials so that as a result thereof a new, different,

1 or useful substance or article of tangible personal property is
2 produced for sale or commercial or industrial use and includes the
3 production or fabrication of specially made or custom-made articles.

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

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

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

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

34 (10) "Recipient" means a person receiving a tax deferral under this
35 chapter.

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

38 (12) "Operationally complete" means constructed or improved to the
39 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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