

# FINAL BILL REPORT

## SSB 6129

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C 9 L 98

Synopsis as Enacted

**Brief Description:** Allowing continued use of pollution control tax credits after facilities are modified to maintain effective pollution control.

**Sponsors:** Senate Committee on Agriculture & Environment (originally sponsored by Senators Swecker, Fraser and Winsley; by request of Department of Ecology).

**Senate Committee on Agriculture & Environment**

**House Committee on Agriculture & Ecology**

**Background:** Tax credits for air and water pollution control facilities may be granted to facilities constructed to meet the purposes of the Washington Clean Air Act or the state Water Pollution Control Act.

To qualify for a tax credit, a facility must have applied for a certificate from the Department of Revenue before November 30, 1981. The application must include the specifications, costs, and operating procedures for the control facility. All applications must be approved by the appropriate control agency prior to approval by the Department of Revenue. The appropriate control agency may be the Department of Ecology or a local or regional air pollution control agency.

Once a certificate is issued, a tax credit equal to 2 percent of the cost of the facility may be claimed against the business and occupation tax, the use tax, or the public utility tax. The cumulative total of the tax credit may not exceed 50 percent of the total cost of the facility.

The Department of Ecology may revoke the certificate if the certificate holder fails to operate the facility for the purposes specified by the appropriate control agency. If a certificate is revoked, all past tax credits are immediately due and payable with interest.

If a facility is modified or replaced, the holder of the certificate must apply for a new certificate. The new application must have been made before November 30, 1981.

It has been suggested that the 1981 deadline for reapplying for a certificate when a facility is modified may create a deterrent to upgrading existing pollution control facilities.

**Summary:** A holder of a certificate for tax credits for a pollution control facility is not required to apply for a new certificate when the facility is modified. The certificate for a tax credit may not be revoked if:

- The pollution control facility is modified or replaced, but still operated for the purpose of air or water pollution control;

- The pollution control facility is modified or removed as a result of a change in process, and the modification results in continued compliance with air and water pollution control laws;
- The plant, or part of the plant, in which the pollution control facility is located ceases operations, and the cessation of operation results in adequate compliance with air and water pollution control laws; or
- The plant is altered, and the alteration results in adequate compliance with air and water pollution control laws.

**Votes on Final Passage:**

Senate	45	0
House	97	0

**Effective:** June 11, 1998