
HOUSE BILL 1164

State of Washington

57th Legislature

2001 Regular Session

By Representatives Eickmeyer, Rockefeller, Woods, Jackley, Lantz, Gombosky, Benson and Haigh

Read first time 01/18/2001. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to distressed area designation; and amending
2 RCW 43.168.020 and 82.60.020.

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

4 **Sec. 1.** RCW 43.168.020 and 1999 c 164 s 502 are each amended to
5 read as follows:

6 Unless the context clearly requires otherwise, the definitions
7 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 community, trade, and
11 economic development.

12 (3) "Distressed area" means: (a) A rural county; (b) a county
13 that has experienced a loss of more than three thousand jobs
14 during the previous five-year period due to military base
15 restructuring and military employment in the county exceeds
16 fifteen percent of the total employment in the county; (c) a
17 county which has an unemployment rate which is twenty percent
18 above the state average for the immediately previous three years;

1 (~~(e)~~) (d) a county that has a median household income that is
2 less than seventy-five percent of the state median household
3 income for the previous three years; (~~(d)~~) (e) a metropolitan
4 statistical area, as defined by the office of federal statistical
5 policy and standards, United States department of commerce, in
6 which the average level of unemployment for the calendar year
7 immediately preceding the year in which an application is filed
8 under this chapter exceeds the average state unemployment for such
9 calendar year by twenty percent; (~~(e)~~) (f) an area within a
10 county, which area: (i) Is composed of contiguous census tracts;
11 (ii) has a minimum population of five thousand persons; (iii) has
12 at least seventy percent of its families and unrelated individuals
13 with incomes below eighty percent of the county's median income
14 for families and unrelated individuals; and (iv) has an
15 unemployment rate which is at least forty percent higher than the
16 county's unemployment rate; or (~~(f)~~) (g) a county designated as
17 a rural natural resources impact area under RCW 43.31.601 if an
18 application is filed by July 1, 1997. For purposes of this
19 definition, "families and unrelated individuals" has the same
20 meaning that is ascribed to that term by the federal department of
21 housing and urban development in its regulations authorizing
22 action grants for economic development and neighborhood
23 revitalization projects.

24 (4) "Fund" means the rural Washington loan fund.

25 (5) "Local development organization" means a nonprofit
26 organization which is organized to operate within an area,
27 demonstrates a commitment to a long-standing effort for an
28 economic development program, and makes a demonstrable effort to
29 assist in the employment of unemployed or underemployed residents
30 in an area.

31 (6) "Project" means the establishment of a new or expanded
32 business in an area which when completed will provide employment
33 opportunities. "Project" also means the retention of an existing
34 business in an area which when completed will provide employment
35 opportunities.

36 (7) "Rural county" means a county with a population density of
37 fewer than one hundred persons per square mile as determined by
38 the office of financial management.

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Sec. 2. RCW 82.60.020 and 1999 sp.s. c 9 s 2 are each amended to read as follows:

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

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

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

(3) "Eligible area" means: (a) A rural county ((with fewer than one hundred persons per square mile as determined annually by the office of financial management and published by the department of revenue effective for the period July 1st through June 30th)); or (b) a county that has experienced a loss of more than three thousand jobs during the previous five-year period due to military base restructuring and military employment in the county exceeds fifteen percent of the total employment in the county.

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

(b) The lessor/owner of a qualified building is not eligible for a deferral unless the underlying ownership of the buildings, machinery, and equipment vests exclusively in the same person, or unless the lessor by written contract agrees to pass the economic benefit of the deferral to the lessee in the form of reduced rent payments.

(c) "Eligible investment project" does not include any portion of an investment project undertaken by a light and power business as defined in RCW 82.16.010(5), other than that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part, or investment projects which have already received deferrals under this chapter.

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

(6) "Manufacturing" means the same as defined in RCW 82.04.120. "Manufacturing" also includes computer programming, the

1 production of computer software, and other computer-related
2 services, and the activities performed by research and development
3 laboratories and commercial testing laboratories.

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

5 (8) "Qualified buildings" means construction of new structures,
6 and expansion or renovation of existing structures for the purpose
7 of increasing floor space or production capacity used for
8 manufacturing and research and development activities, including
9 plant offices and warehouses or other facilities for the storage
10 of raw material or finished goods if such facilities are an
11 essential or an integral part of a factory, mill, plant, or
12 laboratory used for manufacturing or research and development. If a
13 building is used partly for manufacturing or research and
14 development and partly for other purposes, the applicable tax
15 deferral shall be determined by apportionment of the costs of
16 construction under rules adopted by the department.

17 (9) "Qualified machinery and equipment" means all new
18 industrial and research fixtures, equipment, and support
19 facilities that are an integral and necessary part of a
20 manufacturing or research and development operation. "Qualified
21 machinery and equipment" includes: Computers; software; data
22 processing equipment; laboratory equipment; manufacturing
23 components such as belts, pulleys, shafts, and moving parts;
24 molds, tools, and dies; operating structures; and all equipment
25 used to control or operate the machinery.

26 (10) "Recipient" means a person receiving a tax deferral under
27 this chapter.

28 (11) "Research and development" means the development,
29 refinement, testing, marketing, and commercialization of a
30 product, service, or process before commercial sales have begun.
31 As used in this subsection, "commercial sales" excludes sales of
32 prototypes or sales for market testing if the total gross receipts
33 from such sales of the product, service, or process do not exceed
34 one million dollars.

35 (12) "Rural county" means a county with a population density of
36 fewer than one hundred persons per square mile as determined by

1 the office of financial management.

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