
SUBSTITUTE HOUSE BILL 2296

State of Washington

57th Legislature

2002 Regular Session

By House Committee on Finance (originally sponsored by Representatives Eickmeyer, Lantz, Miloscia, Kessler, Rockefeller and Haigh)

Read first time 02/11/2002. Referred to Committee on .

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

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

4 **Sec. 1.** RCW 82.60.020 and 1999 sp.s. c 9 s 2 are each amended to
5 read as follows:

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

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

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

11 (3) "Eligible area" means a: (a) Rural county ((with fewer than
12 one hundred persons per square mile as determined annually by the
13 office of financial management and published by the department of
14 revenue effective for the period July 1st through June 30th)); or (b)
15 a county that has experienced a loss of more than five hundred federal
16 civilian jobs over the most recent four-year period for which quarterly
17 data is available and federal civilian employment in the county exceeds
18 fifteen percent of the total employment covered by the Washington
19 employment security act and federal employment covered by Title 5,

1 U.S.C. 85, in that county, as determined on a biennial basis by the
2 employment security department.

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

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

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

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

21 (6) "Manufacturing" means the same as defined in RCW 82.04.120.
22 "Manufacturing" also includes computer programming, the production of
23 computer software, and other computer-related services, and the
24 activities performed by research and development laboratories and
25 commercial testing laboratories.

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

27 (8) "Qualified buildings" means construction of new structures, and
28 expansion or renovation of existing structures for the purpose of
29 increasing floor space or production capacity used for manufacturing
30 and research and development activities, including plant offices and
31 warehouses or other facilities for the storage of raw material or
32 finished goods if such facilities are an essential or an integral part
33 of a factory, mill, plant, or laboratory used for manufacturing or
34 research and development. If a building is used partly for
35 manufacturing or research and development and partly for other
36 purposes, the applicable tax deferral shall be determined by
37 apportionment of the costs of construction under rules adopted by the
38 department.

1 (9) "Qualified machinery and equipment" means all new industrial
2 and research fixtures, equipment, and support facilities that are an
3 integral and necessary part of a manufacturing or research and
4 development operation. "Qualified machinery and equipment" includes:
5 Computers; software; data processing equipment; laboratory equipment;
6 manufacturing components such as belts, pulleys, shafts, and moving
7 parts; molds, tools, and dies; operating structures; and all equipment
8 used to control or operate the machinery.

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

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

17 (12) "Rural county" means a county with fewer than one hundred
18 persons per square mile as determined annually by the office of
19 financial management and published by the department of revenue
20 effective for the period July 1st through June 30th.

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