
SUBSTITUTE SENATE BILL 6532

State of Washington 57th Legislature

2002 Regular Session

By Senate Committee on Labor, Commerce & Financial Institutions
(originally sponsored by Senators Prentice, Fairley, Franklin, Keiser,
Gardner, Kohl-Welles, Fraser, Kline, Poulsen and Thibaudeau)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to subsidy disclosure; adding new sections to
2 chapter 82.32 RCW; adding a new section to chapter 82.04 RCW; adding
3 new sections to chapter 82.08 RCW; adding new sections to chapter 82.12
4 RCW; adding a new section to chapter 82.60 RCW; adding a new section to
5 chapter 82.62 RCW; adding a new section to chapter 82.63 RCW; and
6 creating a new section.

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

8 NEW SECTION. **Sec. 1.** The definitions in this section apply
9 throughout sections 1 through 12 of this act unless the context clearly
10 requires otherwise.

11 (1) "Benefit date" means the date that the recipient receives the
12 business incentive. If the business incentive involves the purchase,
13 lease, or donation of physical equipment, then the benefit date begins
14 when the recipient acquires the equipment. If the business incentive
15 is for improvements to property, then the benefit date refers to the
16 earliest date when the improvements are finished for the entire
17 project, unless the project is being done in phases.

18 (2) "Business incentive" or "incentive" means a tax credit, tax
19 deferral, or tax exemption taken by or provided to a recipient under:

1 (a) Chapter 82.60, 82.62, or 82.63 RCW; or
2 (b) RCW 82.04.4452, 82.04.44525, 82.04.4456, 82.04.4457,
3 82.08.02565, 82.08.820, 82.12.02565, or 82.12.820.

4 (3) "Employee benefits" means employer-provided health or medical
5 insurance, vacation or sick leave, and pension or retirement benefits.

6 (4) "Government agency" means a state government agency.

7 (5) "Grantor" means a state government agency with the authority to
8 grant a business incentive or administer incentive programs.

9 (6) "Recipient" means any for-profit business entity that receives
10 a business incentive.

11 (7) "State government agency" means any state agency that has the
12 authority to award business incentives or administer programs
13 identified in this section.

14 (8) "Wage bands" means the following five groupings of wage rates:
15 (a) Up to state minimum wage plus two dollars per hour; (b) between
16 state minimum wage plus two dollars and one cent to state minimum wage
17 plus four dollars per hour; (c) between state minimum wage plus four
18 dollars and one cent to state minimum wage plus six dollars per hour;
19 (d) between state minimum wage plus six dollars and one cent to state
20 minimum wage plus eight dollars per hour; (e) between state minimum
21 wage plus eight dollars and one cent to state minimum wage plus ten
22 dollars; and (f) greater than state minimum wage plus ten dollars per
23 hour.

24 NEW SECTION. **Sec. 2.** (1) A recipient who during a calendar year
25 has taken an exemption, credit, or deferral identified as a business
26 incentive in this act must report as required by this section.

27 (2) The department of revenue shall evaluate the exemption under
28 RCW 82.08.02565 and 82.12.02565 using a statistical sampling of
29 recipients, rather than by a recipient report under subsection (1) of
30 this section.

31 (3) The department of revenue shall develop the business incentive
32 disclosure statement and make the form available electronically and in
33 paper form and shall provide a copy of the form to all affected
34 recipients. The recipient must provide to the government agency that
35 provided the business incentive and the department of revenue a
36 business incentive disclosure statement in the following format and
37 that contains the following information:

38 **WASHINGTON BUSINESS INCENTIVE DISCLOSURE STATEMENT**

1 (Please return by March 1st of each year)

2 If during the previous calendar year you have received a tax
3 exemption or taken a credit or qualified for an exemption or
4 participated in a tax deferral program, or have been selected
5 to participate in a statistical sampling conducted by the
6 department of revenue, identified as a business incentive, you
7 must fill out this form and return it to the department of
8 revenue. Failure to submit a complete report renders that
9 recipient prospectively ineligible for all of the programs
10 identified as a business incentive.

11 _____
12 Please type or print in dark ink.
13 _____

- 14 1. Name and address of recipient of business incentive
15 2. Business Registration Number
16 3. Identification of project/location of project
17 4. Signature and phone number of person filling out form
18 _____
- 19 5. Name of state agency providing business incentive
20 6. Type of business incentive (use separate form for each type of
21 business incentive received)
22 7. Date business incentive agreement was signed (if applicable)
23 8. Date business incentive was provided
24 9. Date project (building, machinery, etc.) was placed in service,
25 constructed, or acquired
26 10. Dollar value of business incentive
27 11. Job creation/retention goals for business receiving the incentive
28 (please specify)
29 12. Average hourly wage goals for business receiving the incentive (per
30 hour)
31 13. Actual jobs created/retained since business received the incentive
32 (please specify)
33 14. Actual average hourly wage paid to employees hired since receiving
34 the incentive
35 15. Goals of business incentive received, as a result of the business
36 incentive: (Please indicate number of employees by category
37 of job, e.g. full-time, part-time, or contingent/temporary

- 1 job, number of employees per wage band, and indicate if
2 employee benefits are provided)
- 3 16. Actual performance since project completed, as a result of the
4 business incentive: (Please indicate number of employees by
5 category of job, e.g. full-time, part-time, or
6 contingent/temporary job, number of employees per wage band,
7 and indicate if employee benefits are provided)
- 8 17. Last date actual wage and job creation/retention levels documented
- 9 18. Have all wage and job goals been achieved?
- 10 | Yes - do not submit future forms for this project
- 11 | No - please submit another form next year
- 12 19. Did you take the machinery and equipment exemption in the last
13 year and if the answer is "yes" please estimate the amount
14 of tax exempted?
- 15 20. Date this disclosure form completed

16 (4)(a) The department of revenue shall provide a business incentive
17 disclosure report to the appropriate committees of the legislature by
18 September 1st of each year and shall post a copy of the report on the
19 department web site.

20 (b) The report shall include a compilation and a summary of the
21 data gathered under this section. In addition, the report shall
22 include a breakdown of the data by geographic area and by industry, as
23 well as wage bands, benefits, job classification, and hiring levels.
24 After September 1, 2004, the report shall include a section comparing
25 the data over time.

26 (c) The report shall also include specific recommendations on
27 whether the business incentives identified in section 1 of this act
28 should be expanded or contracted based on the department's experience
29 in producing the report and based on changes in statutes.

30 (5) A recipient who fails to submit a complete report under this
31 section or who refuses to participate in the sampling under subsection
32 (2) of this section is ineligible on a prospective basis for any of the
33 business incentives identified in section 1 of this act. The
34 department of revenue shall notify the recipient in writing by mail
35 that he or she is no longer eligible for any of the identified business
36 incentives. The recipient is ineligible the effective date of the
37 postmark of the notice letter from the department of revenue. If the
38 recipient satisfactorily completes the form or, if selected for the
39 survey, participates in the survey, the department of revenue shall

1 send a letter to the recipient indicating that the basis for the
2 ineligibility has been corrected. The letter from the department of
3 revenue is proof that eligibility on this basis has been restored, and
4 is effective prospectively on the date the letter is postmarked.

5 (6) The confidentiality provisions of RCW 82.32.330 do not apply to
6 the forms received by the department of revenue under this section or
7 to any survey data gathered under this section and the forms and any
8 data may be disclosed to the public.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW
10 to read as follows:

11 In addition to any other reporting requirements under this chapter,
12 a recipient taking a credit under RCW 82.04.4452, 82.04.44525,
13 82.04.4456, or 82.04.4457 must complete and return the form in section
14 2 of this act to the department of revenue by March 1st of each year.
15 A recipient who fails to report is ineligible on a prospective basis
16 for the business incentives identified in section 1 of this act,
17 subject to the provisions of section 2(5) of this act. As used in this
18 section, "recipient" has the same meaning as in section 1 of this act.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
20 to read as follows:

21 In addition to any other reporting requirements under RCW
22 82.08.820, a recipient taking the exemption under RCW 82.08.820 must
23 complete and return the form in section 2 of this act to the department
24 of revenue by March 1st of each year. A recipient who fails to do so
25 is ineligible on a prospective basis for the business incentives
26 identified in section 1 of this act, subject to the provisions of
27 section 2(5) of this act. As used in this section, "recipient" has the
28 same meaning as in section 1 of this act.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.08 RCW
30 to read as follows:

31 In addition to any other reporting requirements under RCW
32 82.08.02565, a recipient taking the exemption as under RCW 82.08.02565
33 must, if asked in writing by the department of revenue, participate in
34 a statistical sampling conducted under section 2 of this act. A
35 recipient who fails to participate is ineligible on a prospective basis
36 for the business incentives identified in section 1 of this act,

1 subject to the provisions of section 2(5) of this act. As used in this
2 section, "recipient" has the same meaning as in section 1 of this act.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.12 RCW
4 to read as follows:

5 In addition to any other reporting requirements under RCW
6 82.12.820, a recipient taking the exemption under RCW 82.12.820 must
7 complete and return the form in section 2 of this act to the department
8 of revenue by March 1st of each year. A recipient who fails to do so
9 is ineligible on a prospective basis for the business incentives
10 identified in section 1 of this act, subject to the provisions of
11 section 2(5) of this act. As used in this section, "recipient" has the
12 same meaning as in section 1 of this act.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.12 RCW
14 to read as follows:

15 In addition to any other reporting requirements under RCW
16 82.12.02565, a recipient taking the exemption as a credit under RCW
17 82.12.02565 must, if asked in writing by the department of revenue,
18 participate in a statistical sampling conducted under section 2 of this
19 act. A recipient who fails to participate is ineligible on a
20 prospective basis for the business incentives identified in section 1
21 of this act, subject to the provisions of section 2(5) of this act. As
22 used in this section, "recipient" has the same meaning as in section 1
23 of this act.

24 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.60 RCW
25 to read as follows:

26 In addition to any other requirements under this chapter, a
27 recipient participating in the deferral program under this chapter must
28 complete and return the form in section 2 of this act to the department
29 of revenue by March 1st of each year. A recipient who fails to report
30 is ineligible on a prospective basis for the business incentives
31 identified in section 1 of this act, subject to the provisions of
32 section 2(5) of this act. As used in this section, "recipient" has the
33 same meaning as in section 1 of this act.

34 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.62 RCW
35 to read as follows:

1 In addition to any other requirements under this chapter, a
2 recipient taking the credit under this chapter must complete and return
3 the form in section 2 of this act to the department of revenue by March
4 1st of each year. A recipient who fails to report is ineligible on a
5 prospective basis for the business incentives identified in section 1
6 of this act, subject to the provisions of section 2(5) of this act. As
7 used in this section, "recipient" has the same meaning as in section 1
8 of this act.

9 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.63 RCW
10 to read as follows:

11 In addition to any other requirements under this chapter, a
12 recipient participating in the deferral program under this chapter must
13 complete and return the form in section 2 of this act to the department
14 of revenue by March 1st of each year. A recipient who fails to report
15 is ineligible on a prospective basis for the business incentives
16 identified in section 1 of this act, subject to the provisions of
17 section 2(5) of this act. As used in this section, "recipient" has the
18 same meaning as in section 1 of this act.

19 NEW SECTION. **Sec. 11.** Sections 1 and 2 of this act are each added
20 to chapter 82.32 RCW.

21 NEW SECTION. **Sec. 12.** This act applies to all business incentives
22 granted, received, or taken during calendar year 2002 and thereafter.

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