
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5531

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Finkbeiner, Reardon, Esser, T. Sheldon, Sheahan, Schmidt, Doumit, Hale, Rasmussen, Roach, Rossi, Stevens, West and Eide)

READ FIRST TIME 04/07/03.

1 AN ACT Relating to removing the expiration date for the
2 high-technology research and development sales and use tax deferral
3 program; amending RCW 82.63.030; adding a new section to chapter 50.38
4 RCW; adding a new section to chapter 82.32 RCW; adding a new section to
5 chapter 44.28 RCW; and providing an expiration date.

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

7 **Sec. 1.** RCW 82.63.030 and 1994 sp.s. c 5 s 5 are each amended to
8 read as follows:

9 (1) Except as provided in subsection (2) of this section, the
10 department shall issue a sales and use tax deferral certificate for
11 state and local sales and use taxes due under chapters 82.08, 82.12,
12 and 82.14 RCW on each eligible investment project.

13 (2) No certificate may be issued for an investment project that has
14 already received a deferral under chapter 82.60 or 82.61 RCW or this
15 chapter, except that an investment project for qualified research and
16 development that has already received a deferral may also receive an
17 additional deferral certificate for adapting the investment project for
18 use in pilot scale manufacturing.

19 (3) This section shall expire July 1, ((2004)) 2014.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 50.38 RCW
2 to read as follows:

3 (1) Based upon information provided to the department by the
4 department of revenue and data obtained by the department from
5 employers for other lawful purposes, the department shall identify for
6 the year before and every five years after the renewal of the tax
7 deferral in RCW 82.63.030 the following information:

8 (a) North American industry classification for businesses utilizing
9 the tax deferral;

10 (b) The number of employees, reported in aggregate by North
11 American industry classification, employed by businesses utilizing the
12 tax deferral;

13 (c) The average wages received by persons, reported by North
14 American industry classification, employed by businesses utilizing the
15 tax deferral.

16 (2) The department shall provide to the joint legislative audit and
17 review committee, for the year before and every five years after the
18 renewal of the tax deferral in RCW 82.63.030, a report containing the
19 following information:

20 (a) The number of businesses, reported in aggregate by North
21 American industry classification, utilizing the tax deferral;

22 (b) The number of employees, reported in aggregate by North
23 American industry classification, employed by businesses utilizing the
24 tax deferral;

25 (c) The average wages of employees employed by businesses utilizing
26 the tax deferral reported in aggregate, and grouped by North American
27 industry classification.

28 (3) All information shall be based on calendar year data and shall
29 be provided to the joint legislative audit and review committee by the
30 fifteenth day of March of the year before and every five years after
31 the renewal of the tax deferral in RCW 82.63.030.

32 (4) Nothing in this section shall be construed to affect in any way
33 the right of privacy and confidentiality as to individual and employer
34 records maintained by the department, as provided under RCW 50.13.020.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.32 RCW
36 to read as follows:

37 (1) Based upon information provided by taxpayers, on Form 26-0003e-

1 1, or its successor form, or Form Rev 81-1013-1, or its successor form,
2 or Form 81-1012, or its successor form, to the department, the
3 department shall identify for the year before and every five years
4 after the renewal of the tax deferral in RCW 82.63.030 the following
5 information:

6 (a) The businesses utilizing the tax deferral;

7 (b) The total value of the tax deferral taken by each business for
8 that year;

9 (c) The qualifying investment made by the business utilizing the
10 tax deferral.

11 (2) The department shall provide to the employment security
12 department a list of all businesses utilizing the tax deferral and the
13 North American industry classification of each business. This
14 information shall be based on calendar year data and shall be provided
15 to the employment security department by the fifteenth day of February
16 of the year before and every five years after the renewal of the tax
17 deferral in RCW 82.63.030.

18 (3) The department shall provide to the joint legislative audit and
19 review committee the number of businesses utilizing the tax deferral,
20 the value of the deferral received, and the value of qualifying
21 investments made by businesses utilizing the tax deferral, reported in
22 aggregate by North American industry classification. This information
23 shall be based on calendar year data and shall be provided to the joint
24 legislative audit and review committee by the fifteenth day of February
25 of the year before and every five years after the renewal of the tax
26 deferral in RCW 82.63.030.

27 (4) Nothing in this section shall be construed to affect in any way
28 the right of privacy and confidentiality as to individual and employer
29 records maintained by the department as provided under RCW 82.32.330.

30 NEW SECTION. **Sec. 4.** A new section is added to chapter 44.28 RCW
31 to read as follows:

32 (1) The joint legislative audit and review committee shall provide
33 a report to the legislature the year before and every five years after
34 the renewal of the tax deferral in RCW 82.63.030. The report shall be
35 based upon information provided by the employment security department
36 and the department of revenue. Proprietary information shall remain

1 confidential as otherwise provided by law. The report shall include,
2 but is not limited to:

3 (a) Total value of tax revenue forgone or deferred as a result of
4 the tax deferral;

5 (b) Total value of qualifying investments made under the tax
6 deferral;

7 (c) Direct employment created or retained that is associated with
8 the tax deferral and average wages, reported in aggregate by North
9 American industry classification;

10 (d) Total indirect employment created or retained associated with
11 the tax deferral;

12 (e) Additional sales, property, and business and occupation tax
13 revenues associated with the tax deferral.

14 (2) In conducting this evaluation, the joint legislative audit and
15 review committee shall use a generally accepted economic model and may
16 contract with outside economic experts.

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