

---

HOUSE BILL 1870

---

State of Washington                      59th Legislature                      2005 Regular Session

By Representatives DeBolt, Anderson, Holmquist, Rodne, Dunn,  
Campbell, Shabro and Alexander

Read first time 02/09/2005. Referred to Committee on Technology,  
Energy & Communications.

1            AN ACT Relating to tax incentives to attract and retain the  
2 biotechnology industry; adding a new section to chapter 82.04 RCW;  
3 adding a new section to chapter 82.08 RCW; adding a new section to  
4 chapter 82.12 RCW; adding a new section to chapter 84.36 RCW; creating  
5 new sections; and providing an effective date.

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

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
8 to read as follows:

9            In computing tax there may be deducted from the measure of tax  
10 amounts received for qualified research and development or pilot-scale  
11 manufacturing in the biotechnology field. A person claiming exemption  
12 under this section for a reporting period may not claim or assign tax  
13 credits for biotechnology research and development expenditures for the  
14 same reporting period. The definitions in RCW 82.63.010 apply to this  
15 section.

16            NEW SECTION.    **Sec. 2.** A new section is added to chapter 82.08 RCW  
17 to read as follows:

18            (1) The tax levied by RCW 82.08.020 does not apply to sales of

1 tangible personal equipment used directly in qualified research and  
2 development in the biotechnology field, to services rendered in respect  
3 to installing, repairing, cleaning, altering, or improving of the  
4 tangible personal property, or to items that become an ingredient or  
5 component of the tangible personal property. The exemptions in this  
6 section do not apply to construction materials, office equipment,  
7 building equipment, administrative supplies, or vehicles.

8 (2) A person taking the exemption under this section must keep  
9 records necessary for the department to verify eligibility under this  
10 section. The exemption is available only when the buyer provides the  
11 seller with an exemption certificate in a form and manner prescribed by  
12 the department. The seller shall retain a copy of the certificate for  
13 the seller's files.

14 (3) The definitions in RCW 82.63.010 apply to this section.

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

17 The provisions of this chapter do not apply with respect to the use  
18 of tangible personal property used directly in qualified research and  
19 development in the biotechnology field, to services rendered in respect  
20 to installing, repairing, cleaning, altering, or improving of the  
21 tangible personal property, or to items that become an ingredient or  
22 component of the tangible personal property. The exemptions in this  
23 section do not apply to construction materials, office equipment,  
24 building equipment, administrative supplies, or vehicles. The  
25 definitions in RCW 82.63.010 apply to this section.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36 RCW  
27 to read as follows:

28 Real and personal property used directly in qualified research and  
29 development in the biotechnology field is exempt from taxation. The  
30 definitions in RCW 82.63.010 apply to this section.

31 NEW SECTION. **Sec. 5.** Section 4 of this act applies to taxes  
32 levied for collection in 2006 and thereafter.

33 NEW SECTION. **Sec. 6.** If the department of revenue determines that  
34 any property for which exemption was claimed under section 1, 2, 3, or

1 4 of this act is no longer used directly in qualified research and  
2 development in the biotechnology field, the department shall make a  
3 determination that the exemptions under those sections are no longer  
4 effective in respect to that property, and all taxes that would have  
5 been otherwise due in respect to the sale, use, or ownership of the  
6 property are immediately due and payable. Interest shall be paid at  
7 the rate provided in RCW 82.32.050 from the date the exemption was  
8 first taken. A penalty of twenty-five percent shall be assessed  
9 against the taxes due and payable.

10 NEW SECTION. **Sec. 7.** This act takes effect August 1, 2005.

--- END ---