

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1523

59th Legislature
2006 Regular Session

Passed by the House March 8, 2006
Yeas 97 Nays 1

Speaker of the House of Representatives

Passed by the Senate March 7, 2006
Yeas 43 Nays 5

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1523** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1523

AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Finance (originally sponsored by Representatives Quall, Morris, Pettigrew, Kilmer, Talcott, Pearson, Linville and Kristiansen)

READ FIRST TIME 02/09/06.

1 AN ACT Relating to extending a sales and use tax exemption to the
2 construction of facilities to be used for the conditioning of vegetable
3 seeds; amending RCW 82.60.020; and providing an effective date.

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

5 **Sec. 1.** RCW 82.60.020 and 2004 c 25 s 3 are each amended to read
6 as follows:

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

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

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

12 (3) "Eligible area" means a rural county as defined in RCW
13 82.14.370.

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

16 (b) The lessor or owner of a qualified building is not eligible for
17 a deferral unless:

18 (i) The underlying ownership of the buildings, machinery, and
19 equipment vests exclusively in the same person; or

1 (ii)(A) The lessor by written contract agrees to pass the economic
2 benefit of the deferral to the lessee;

3 (B) The lessee that receives the economic benefit of the deferral
4 agrees in writing with the department to complete the annual survey
5 required under RCW 82.60.070; and

6 (C) The economic benefit of the deferral passed to the lessee is no
7 less than the amount of tax deferred by the lessor and is evidenced by
8 written documentation of any type of payment, credit, or other
9 financial arrangement between the lessor or owner of the qualified
10 building and the lessee.

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

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

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

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

29 (8) "Qualified buildings" means construction of new structures, and
30 expansion or renovation of existing structures for the purpose of
31 increasing floor space or production capacity used for manufacturing
32 and research and development activities, including plant offices and
33 warehouses or other facilities for the storage of raw material or
34 finished goods if such facilities are an essential or an integral part
35 of a factory, mill, plant, or laboratory used for manufacturing or
36 research and development. If a building is used partly for
37 manufacturing or research and development and partly for other

1 purposes, the applicable tax deferral shall be determined by
2 apportionment of the costs of construction under rules adopted by the
3 department.

4 (9) "Qualified employment position" means a permanent full-time
5 employee employed in the eligible investment project during the entire
6 tax year. The term "entire tax year" means a full-time position that
7 is filled for a period of twelve consecutive months. The term "full-
8 time" means at least thirty-five hours a week, four hundred fifty-five
9 hours a quarter, or one thousand eight hundred twenty hours a year.

10 (10) "Qualified machinery and equipment" means all new industrial
11 and research fixtures, equipment, and support facilities that are an
12 integral and necessary part of a manufacturing or research and
13 development operation. "Qualified machinery and equipment" includes:
14 Computers; software; data processing equipment; laboratory equipment;
15 manufacturing components such as belts, pulleys, shafts, and moving
16 parts; molds, tools, and dies; operating structures; and all equipment
17 used to control or operate the machinery.

18 (11) "Recipient" means a person receiving a tax deferral under this
19 chapter.

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

26 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2006.

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