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SENATE BILL 5543

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State of Washington                      59th Legislature                      2005 Regular Session

By Senators Spanel, Haugen, Jacobsen, Mulliken, Roach and Rasmussen

Read first time 01/27/2005. Referred to Committee on Ways & Means.

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; providing an effective date; and  
4 declaring an emergency.

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

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

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

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

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

13           (3) "Eligible area" means a rural county as defined in RCW  
14 82.14.370.

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

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

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

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

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

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

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

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

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

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

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

1 manufacturing or research and development and partly for other  
2 purposes, the applicable tax deferral shall be determined by  
3 apportionment of the costs of construction under rules adopted by the  
4 department.

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

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

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

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

27 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of the  
29 state government and its existing public institutions, and takes effect  
30 July 1, 2005.

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