
SENATE BILL 6599

State of Washington 61st Legislature 2010 Regular Session

By Senators Kastama, Rockefeller, Ranker, and Shin

Read first time 01/18/10. Referred to Committee on Economic
Development, Trade & Innovation.

1 AN ACT Relating to requiring high performance building standards
2 for eligibility for certain tax incentives; amending RCW 82.60.020,
3 82.60.030, 82.60.040, 82.74.010, 82.75.010, and 82.82.010; reenacting
4 and amending RCW 82.63.010; repealing RCW 82.60.050; and providing
5 expiration dates.

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

7 **Sec. 1.** RCW 82.60.020 and 2006 c 142 s 1 are each amended to read
8 as follows:

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

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

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

14 (3) "Eligible area" means a rural county as defined in RCW
15 82.14.370.

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

18 (b) The lessor or owner of a qualified building is not eligible for
19 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
16 cogeneration project that is used to generate power for consumption
17 within the manufacturing site of which the cogeneration project is an
18 integral part, or investment projects which have already received
19 deferrals under this chapter.

20 (5) "High performance building standard" means a standard
21 determined by the department of commerce to be equal to at least the
22 gold rating of the United States' green building council's leadership
23 in energy and environmental design 2009 new construction and major
24 renovation rating system.

25 (6) "Investment project" means an investment in qualified buildings
26 or qualified machinery and equipment, including labor and services
27 rendered in the planning, installation, and construction of the
28 project.

29 (~~(+6)~~) (7) "Manufacturing" means the same as defined in RCW
30 82.04.120. "Manufacturing" also includes computer programming, the
31 production of computer software, and other computer-related services,
32 the activities performed by research and development laboratories and
33 commercial testing laboratories, and the conditioning of vegetable
34 seeds.

35 (~~(+7)~~) (8) "Person" has the meaning given in RCW 82.04.030.

36 (~~(+8)~~) (9) "Qualified buildings" means construction of new
37 structures consistent with a high performance building standard, and
38 expansion or renovation, consistent with a high performance building

1 standard, of existing structures for the purpose of increasing floor
2 space or production capacity used for manufacturing and research and
3 development activities, including plant offices and warehouses or other
4 facilities for the storage of raw material or finished goods if such
5 facilities are an essential or an integral part of a factory, mill,
6 plant, or laboratory used for manufacturing or research and
7 development. If a building is used partly for manufacturing or
8 research and development and partly for other purposes, the applicable
9 tax deferral shall be determined by apportionment of the costs of
10 construction under rules adopted by the department.

11 ~~((+9))~~ (10) "Qualified employment position" means a permanent
12 full-time employee employed in the eligible investment project during
13 the entire tax year. The term "entire tax year" means a full-time
14 position that is filled for a period of twelve consecutive months. The
15 term "full-time" means at least thirty-five hours a week, four hundred
16 fifty-five hours a quarter, or one thousand eight hundred twenty hours
17 a year.

18 ~~((+10))~~ (11) "Qualified machinery and equipment" means all new
19 industrial and research fixtures, equipment, and support facilities
20 that are an integral and necessary part of a manufacturing or research
21 and development operation. "Qualified machinery and equipment"
22 includes: Computers; software; data processing equipment; laboratory
23 equipment; manufacturing components such as belts, pulleys, shafts, and
24 moving parts; molds, tools, and dies; operating structures; and all
25 equipment used to control or operate the machinery.

26 ~~((+11))~~ (12) "Recipient" means a person receiving a tax deferral
27 under this chapter.

28 ~~((+12))~~ (13) "Research and development" means the development,
29 refinement, testing, marketing, and commercialization of a product,
30 service, or process before commercial sales have begun. As used in
31 this subsection, "commercial sales" excludes sales of prototypes or
32 sales for market testing if the total gross receipts from such sales of
33 the product, service, or process do not exceed one million dollars.

34 **Sec. 2.** RCW 82.60.030 and 1994 sp.s. c 1 s 2 are each amended to
35 read as follows:

36 (1) Application for deferral of taxes under this chapter must be
37 made before initiation of the construction of the investment project or

1 acquisition of equipment or machinery. The application (~~shall~~) must
2 be made to the department in a form and manner prescribed by the
3 department. The application shall contain information regarding the
4 location of the investment project, the applicant's average employment
5 in the state for the prior year, estimated or actual new employment
6 related to the project, estimated or actual wages of employees related
7 to the project, estimated or actual costs, time schedules for
8 completion and operation, and other information required by the
9 department. The department (~~shall~~) must rule on the application
10 within sixty days.

11 (2) This section expires July 1, 2012.

12 **Sec. 3.** RCW 82.60.040 and 2004 c 25 s 4 are each amended to read
13 as follows:

14 (1) The department (~~shall~~) must issue a sales and use tax
15 deferral certificate for state and local sales and use taxes due under
16 chapters 82.08, 82.12, and 82.14 RCW on each eligible investment
17 project that is located in an eligible area as defined in RCW
18 82.60.020.

19 (2) The department (~~shall~~) must keep a running total of all
20 deferrals granted under this chapter during each fiscal biennium.

21 (3) This section expires July 1, (~~2010~~) 2012.

22 NEW SECTION. **Sec. 4.** RCW 82.60.050 (Expiration of RCW 82.60.030
23 and 82.60.040) and 2004 c 25 s 6, 1994 sp.s. c 1 s 7, 1993 sp.s. c 25
24 s 404, 1988 c 41 s 5, & 1985 c 232 s 10 are each repealed.

25 **Sec. 5.** RCW 82.63.010 and 2009 c 268 s 2 are each reenacted and
26 amended to read as follows:

27 Unless the context clearly requires otherwise, the definitions in
28 this section apply throughout this chapter.

29 (1) "Advanced computing" means technologies used in the designing
30 and developing of computing hardware and software, including
31 innovations in designing the full spectrum of hardware from hand-held
32 calculators to super computers, and peripheral equipment.

33 (2) "Advanced materials" means materials with engineered properties
34 created through the development of specialized processing and synthesis

1 technology, including ceramics, high value-added metals, electronic
2 materials, composites, polymers, and biomaterials.

3 (3) "Applicant" means a person applying for a tax deferral under
4 this chapter.

5 (4) "Biotechnology" means the application of technologies, such as
6 recombinant DNA techniques, biochemistry, molecular and cellular
7 biology, genetics and genetic engineering, cell fusion techniques, and
8 new bioprocesses, using living organisms, or parts of organisms, to
9 produce or modify products, to improve plants or animals, to develop
10 microorganisms for specific uses, to identify targets for small
11 molecule pharmaceutical development, or to transform biological systems
12 into useful processes and products or to develop microorganisms for
13 specific uses.

14 (5) "Department" means the department of revenue.

15 (6) "Electronic device technology" means technologies involving
16 microelectronics; semiconductors; electronic equipment and
17 instrumentation; radio frequency, microwave, and millimeter
18 electronics; optical and optic-electrical devices; and data and digital
19 communications and imaging devices.

20 (7) "Eligible investment project" means an investment project which
21 either initiates a new operation, or expands or diversifies a current
22 operation by expanding, renovating, or equipping an existing facility.
23 The lessor or owner of the qualified building is not eligible for a
24 deferral unless:

25 (a) The underlying ownership of the buildings, machinery, and
26 equipment vests exclusively in the same person; or

27 (b)(i) The lessor by written contract agrees to pass the economic
28 benefit of the deferral to the lessee;

29 (ii) The lessee that receives the economic benefit of the deferral
30 agrees in writing with the department to complete the annual survey
31 required under RCW 82.63.020(2); and

32 (iii) The economic benefit of the deferral passed to the lessee is
33 no less than the amount of tax deferred by the lessor and is evidenced
34 by written documentation of any type of payment, credit, or other
35 financial arrangement between the lessor or owner of the qualified
36 building and the lessee.

37 (8) "Environmental technology" means assessment and prevention of

1 threats or damage to human health or the environment, environmental
2 cleanup, and the development of alternative energy sources.

3 (9)(a) "Initiation of construction" means the date that a building
4 permit is issued under the building code adopted under RCW 19.27.031
5 for:

6 (i) Construction of the qualified building, if the underlying
7 ownership of the building vests exclusively with the person receiving
8 the economic benefit of the deferral;

9 (ii) Construction of the qualified building, if the economic
10 benefits of the deferral are passed to a lessee as provided in
11 subsection (7) of this section; or

12 (iii) Tenant improvements for a qualified building, if the economic
13 benefits of the deferral are passed to a lessee as provided in
14 subsection (7) of this section.

15 (b) "Initiation of construction" does not include soil testing,
16 site clearing and grading, site preparation, or any other related
17 activities that are initiated before the issuance of a building permit
18 for the construction of the foundation of the building.

19 (c) If the investment project is a phased project, "initiation of
20 construction" shall apply separately to each phase.

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

25 (11) "Multiple qualified buildings" means qualified buildings
26 leased to the same person when such structures: (a) Are located within
27 a five-mile radius; and (b) the initiation of construction of each
28 building begins within a sixty-month period.

29 (12) "Person" has the meaning given in RCW 82.04.030 and includes
30 state universities as defined in RCW 28B.10.016.

31 (13) "Pilot scale manufacturing" means design, construction, and
32 testing of preproduction prototypes and models in the fields of
33 biotechnology, advanced computing, electronic device technology,
34 advanced materials, and environmental technology other than for
35 commercial sale. As used in this subsection, "commercial sale"
36 excludes sales of prototypes or sales for market testing if the total
37 gross receipts from such sales of the product, service, or process do
38 not exceed one million dollars.

1 (14) "Qualified buildings" means construction of new structures
2 consistent with a high performance building standard as defined in RCW
3 82.60.020, and expansion or renovation, consistent with a high
4 performance building standard as defined in RCW 82.60.020, of existing
5 structures for the purpose of increasing floor space or production
6 capacity used for pilot scale manufacturing or qualified research and
7 development, including plant offices and other facilities that are an
8 essential or an integral part of a structure used for pilot scale
9 manufacturing or qualified research and development. If a building or
10 buildings are used partly for pilot scale manufacturing or qualified
11 research and development, and partly for other purposes, the applicable
12 tax deferral shall be determined by apportionment of the costs of
13 construction under rules adopted by the department. Such rules may
14 include provisions for determining the amount of the deferral based on
15 apportionment of costs of construction of an investment project
16 consisting of a building or multiple buildings, where qualified
17 research and development or pilot scale manufacturing activities are
18 shifted within a building or from one building to another building.

19 (15) "Qualified machinery and equipment" means fixtures, equipment,
20 and support facilities that are an integral and necessary part of a
21 pilot scale manufacturing or qualified research and development
22 operation. "Qualified machinery and equipment" includes: Computers;
23 software; data processing equipment; laboratory equipment,
24 instrumentation, and other devices used in a process of experimentation
25 to develop a new or improved pilot model, plant process, product,
26 formula, invention, or similar property; manufacturing components such
27 as belts, pulleys, shafts, and moving parts; molds, tools, and dies;
28 vats, tanks, and fermenters; operating structures; and all other
29 equipment used to control, monitor, or operate the machinery. For
30 purposes of this chapter, qualified machinery and equipment must be
31 either new to the taxing jurisdiction of the state or new to the
32 certificate holder, except that used machinery and equipment may be
33 treated as qualified machinery and equipment if the certificate holder
34 either brings the machinery and equipment into Washington or makes a
35 retail purchase of the machinery and equipment in Washington or
36 elsewhere.

37 (16) "Qualified research and development" means research and

1 development performed within this state in the fields of advanced
2 computing, advanced materials, biotechnology, electronic device
3 technology, and environmental technology.

4 (17) "Recipient" means a person receiving a tax deferral under this
5 chapter.

6 (18) "Research and development" means activities performed to
7 discover technological information, and technical and nonroutine
8 activities concerned with translating technological information into
9 new or improved products, processes, techniques, formulas, inventions,
10 or software. The term includes exploration of a new use for an
11 existing drug, device, or biological product if the new use requires
12 separate licensing by the federal food and drug administration under
13 chapter 21, C.F.R., as amended. The term does not include adaptation
14 or duplication of existing products where the products are not
15 substantially improved by application of the technology, nor does the
16 term include surveys and studies, social science and humanities
17 research, market research or testing, quality control, sale promotion
18 and service, computer software developed for internal use, and research
19 in areas such as improved style, taste, and seasonal design.

20 **Sec. 6.** RCW 82.74.010 and 2006 c 354 s 6 are each amended to read
21 as follows:

22 Unless the context clearly requires otherwise, the definitions in
23 this section apply throughout this chapter.

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

26 (2) "Cold storage warehouse" means a storage warehouse owned or
27 operated by a wholesaler or third-party warehouser as those terms are
28 defined in RCW 82.08.820 to store fresh and/or frozen perishable fruits
29 or vegetables, dairy products, seafood products, or any combination
30 thereof, at a desired temperature to maintain the quality of the
31 product for orderly marketing.

32 (3) "Dairy product" means dairy products that as of September 20,
33 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
34 including by-products from the manufacturing of the dairy products such
35 as whey and casein.

36 (4) "Dairy product manufacturing" means manufacturing, as defined
37 in RCW 82.04.120, of dairy products.

1 (5) "Department" means the department of revenue.

2 (6) "Eligible investment project" means an investment in qualified
3 buildings or qualified machinery and equipment, including labor and
4 services rendered in the planning, installation, and construction of
5 the project. The lessor or owner of a qualified building is not
6 eligible for a deferral unless (a) the underlying ownership of the
7 buildings, machinery, and equipment vests exclusively in the same
8 person; or (b)(i) the lessor by written contract agrees to pass the
9 economic benefit of the deferral to the lessee in the form of reduced
10 rent payments, and (ii) the lessee that receives the economic benefit
11 of the deferral agrees in writing with the department to complete the
12 annual survey under RCW 82.74.040. The economic benefit of the
13 deferral to the lessee may be evidenced by any type of payment, credit,
14 or any other financial arrangement between the lessor or owner of the
15 qualified building and the lessee.

16 (7) "Fresh fruit and vegetable processing" means manufacturing as
17 defined in RCW 82.04.120 which consists of the canning, preserving,
18 freezing, processing, or dehydrating fresh fruits and/or vegetables.

19 (8)(a) "Initiation of construction" means the date that a building
20 permit is issued under the building code adopted under RCW 19.27.031
21 for:

22 (i) Construction of the qualified building, if the underlying
23 ownership of the building vests exclusively with the person receiving
24 the economic benefit of the deferral;

25 (ii) Construction of the qualified building, if the economic
26 benefits of the deferral are passed to a lessee as provided in
27 subsection (6) of this section; or

28 (iii) Tenant improvements for a qualified building, if the economic
29 benefits of the deferral are passed to a lessee as provided in
30 subsection (6) of this section.

31 (b) "Initiation of construction" does not include soil testing,
32 site clearing and grading, site preparation, or any other related
33 activities that are initiated before the issuance of a building permit
34 for the construction of the foundation of the building.

35 (c) If the investment project is a phased project, "initiation of
36 construction" applies separately to each phase.

37 (9) "Person" has the meaning given in RCW 82.04.030.

1 (10) "Qualified buildings" means construction of new structures
2 consistent with a high performance building standard as defined in RCW
3 82.60.020, and expansion or renovation, consistent with a high
4 performance building standard as defined in RCW 82.60.020, of existing
5 structures for the purpose of increasing floor space or production
6 capacity used for fresh fruit and vegetable processing, dairy product
7 manufacturing, seafood product manufacturing, cold storage warehousing,
8 and research and development activities, including plant offices and
9 warehouses or other facilities for the storage of raw material or
10 finished goods if such facilities are an essential or an integral part
11 of a factory, plant, or laboratory used for fresh fruit and vegetable
12 processing, dairy product manufacturing, seafood product manufacturing,
13 cold storage warehousing, or research and development. If a building
14 is used partly for fresh fruit and vegetable processing, dairy product
15 manufacturing, seafood product manufacturing, cold storage warehousing,
16 or research and development and partly for other purposes, the
17 applicable tax deferral shall be determined by apportionment of the
18 costs of construction under rules adopted by the department.

19 (11) "Qualified machinery and equipment" means all industrial and
20 research fixtures, equipment, and support facilities that are an
21 integral and necessary part of a fresh fruit and vegetable processing,
22 dairy product manufacturing, seafood product manufacturing, cold
23 storage (~~warehouse~~) warehousing, or research and development
24 operation. "Qualified machinery and equipment" includes: Computers;
25 software; data processing equipment; laboratory equipment;
26 manufacturing components such as belts, pulleys, shafts, and moving
27 parts; molds, tools, and dies; operating structures; and all equipment
28 used to control or operate the machinery.

29 (12) "Recipient" means a person receiving a tax deferral under this
30 chapter.

31 (13) "Research and development" means the development, refinement,
32 testing, marketing, and commercialization of a product, service, or
33 process related to fresh fruit and vegetable processing, dairy product
34 manufacturing, seafood product manufacturing, or cold storage
35 warehousing before commercial sales have begun. As used in this
36 subsection, "commercial sales" excludes sales of prototypes or sales
37 for market testing if the total gross receipts from such sales of the
38 product, service, or process do not exceed one million dollars.

1 (14) "Seafood product" means any edible marine fish and shellfish
2 that remains in a raw, raw frozen, or raw salted state.

3 (15) "Seafood product manufacturing" means the manufacturing, as
4 defined in RCW 82.04.120, of seafood products.

5 **Sec. 7.** RCW 82.75.010 and 2009 c 549 s 1033 are each amended to
6 read 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) "Biotechnology" means a technology based on the science of
12 biology, microbiology, molecular biology, cellular biology,
13 biochemistry, or biophysics, or any combination of these, and includes,
14 but is not limited to, recombinant DNA techniques, genetics and genetic
15 engineering, cell fusion techniques, and new bioprocesses, using living
16 organisms, or parts of organisms.

17 (3) "Biotechnology product" means any virus, therapeutic serum,
18 antibody, protein, toxin, antitoxin, vaccine, blood, blood component or
19 derivative, allergenic product, or analogous product produced through
20 the application of biotechnology that is used in the prevention,
21 treatment, or cure of diseases or injuries to humans.

22 (4) "Department" means the department of revenue.

23 (5)(a) "Eligible investment project" means an investment in
24 qualified buildings or qualified machinery and equipment, including
25 labor and services rendered in the planning, installation, and
26 construction of the project.

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

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

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

33 (B) The lessee that receives the economic benefit of the deferral
34 agrees in writing with the department to complete the annual survey
35 required under RCW 82.32.645; and

36 (C) The economic benefit of the deferral passed to the lessee is no
37 less than the amount of tax deferred by the lessor and is evidenced by

1 written documentation of any type of payment, credit, or other
2 financial arrangement between the lessor or owner of the qualified
3 building and the lessee.

4 (6)(a) "Initiation of construction" means the date that a building
5 permit is issued under the building code adopted under RCW 19.27.031
6 for:

7 (i) Construction of the qualified building, if the underlying
8 ownership of the building vests exclusively with the person receiving
9 the economic benefit of the deferral;

10 (ii) Construction of the qualified building, if the economic
11 benefits of the deferral are passed to a lessee as provided in
12 subsection (5)(b)(ii)(A) of this section; or

13 (iii) Tenant improvements for a qualified building, if the economic
14 benefits of the deferral are passed to a lessee as provided in
15 subsection (5)(b)(ii)(A) of this section.

16 (b) "Initiation of construction" does not include soil testing,
17 site clearing and grading, site preparation, or any other related
18 activities that are initiated before the issuance of a building permit
19 for the construction of the foundation of the building.

20 (c) If the investment project is a phased project, "initiation of
21 construction" shall apply separately to each phase.

22 (7) "Manufacturing" has the meaning provided in RCW 82.04.120.

23 (8) "Medical device" means an instrument, apparatus, implement,
24 machine, contrivance, implant, in vitro reagent, or other similar or
25 related article, including any component, part, or accessory, that is
26 designed or developed and:

27 (a) Recognized in the national formulary, or the United States
28 pharmacopeia, or any supplement to them;

29 (b) Intended for use in the diagnosis of disease, or in the cure,
30 mitigation, treatment, or prevention of disease or other conditions in
31 human beings or other animals; or

32 (c) Intended to affect the structure or any function of the body of
33 human beings or other animals, and which does not achieve any of its
34 primary intended purposes through chemical action within or on the body
35 of human beings or other animals and which is not dependent upon being
36 metabolized for the achievement of any of its principal intended
37 purposes.

38 (9) "Person" has the meaning provided in RCW 82.04.030.

1 (10) "Qualified buildings" means construction of new structures
2 consistent with a high performance building standard as defined in RCW
3 82.60.020, and expansion or renovation, consistent with a high
4 performance building standard as defined in RCW 82.60.020, of existing
5 structures for the purpose of increasing floor space or production
6 capacity used for biotechnology product manufacturing or medical device
7 manufacturing activities, including plant offices, commercial
8 laboratories for process development, quality assurance and quality
9 control, and warehouses or other facilities for the storage of raw
10 material or finished goods if the facilities are an essential or an
11 integral part of a factory, plant, or laboratory used for biotechnology
12 product manufacturing or medical device manufacturing. If a building
13 is used partly for biotechnology product manufacturing or medical
14 device manufacturing and partly for other purposes, the applicable tax
15 deferral shall be determined by apportionment of the costs of
16 construction under rules adopted by the department.

17 (11) "Qualified machinery and equipment" means all new industrial
18 and research fixtures, equipment, and support facilities that are an
19 integral and necessary part of a biotechnology product manufacturing or
20 medical device manufacturing operation. "Qualified machinery and
21 equipment" includes: Computers; software; data processing equipment;
22 laboratory equipment; manufacturing components such as belts, pulleys,
23 shafts, and moving parts; molds, tools, and dies; operating structures;
24 and all equipment used to control or operate the machinery.

25 (12) "Recipient" means a person receiving a tax deferral under this
26 chapter.

27 **Sec. 8.** RCW 82.82.010 and 2008 c 15 s 1 are each amended to read
28 as follows:

29 The definitions in this section apply throughout this chapter
30 unless the context clearly requires otherwise.

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

33 (2) "Corporate headquarters" means a facility or facilities where
34 corporate staff employees are physically employed, and where the
35 majority of the company's management services are handled either on a
36 regional or a national basis. Company management services may include:
37 Accounts receivable and payable, accounting, data processing,

1 distribution management, employee benefit plan, financial and
2 securities accounting, information technology, insurance, legal,
3 merchandising, payroll, personnel, purchasing procurement, planning,
4 reporting and compliance, research and development, tax, treasury, or
5 other headquarters-related services. "Corporate headquarters" does not
6 include a facility or facilities used for manufacturing, wholesaling,
7 or warehousing.

8 (3) "Department" means the department of revenue.

9 (4) "Eligible area" means a designated community empowerment zone
10 approved under RCW 43.31C.020.

11 (5)(a) "Eligible investment project" means an investment project in
12 a qualified building or buildings in an eligible area, as defined in
13 subsection (4) of this section, which will have employment at the
14 qualified building or buildings of at least three hundred employees in
15 qualified employment positions, each of whom must earn for the year
16 reported at least the average annual wage for the state for that year
17 as determined by the employment security department.

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

20 (i) The underlying ownership of the building or buildings vests
21 exclusively in the same person; or

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

24 (B) The lessee that receives the economic benefit of the deferral
25 agrees in writing with the department to complete the annual survey
26 required under RCW 82.82.020; and

27 (C) The economic benefit of the deferral passed to the lessee is no
28 less than the amount of tax deferred by the lessor and is evidenced by
29 written documentation of any type of payment, credit, or other
30 financial arrangement between the lessor or owner of the qualified
31 building and the lessee.

32 (6) "Investment project" means a capital investment of at least
33 thirty million dollars in a qualified building or buildings including
34 tangible personal property and fixtures that will be incorporated as an
35 ingredient or component of such buildings during the course of their
36 construction, and including labor and services rendered in the
37 planning, installation, and construction of the project.

1 (7) "Manufacture" has the same meaning as provided in RCW
2 82.04.120.

3 (8) "Operationally complete" means a date no later than one year
4 from the date the project is issued an occupancy permit by the local
5 permit issuing authority.

6 (9) "Person" has the same meaning as provided in RCW 82.04.030.

7 (10) "Qualified building or buildings" means construction of a new
8 structure or structures consistent with a high performance building
9 standard as defined in RCW 82.60.020, or expansion of an existing
10 structure or structures, consistent with a high performance building
11 standard as defined in RCW 82.60.020, to be used for corporate
12 headquarters. If a building is used partly for corporate headquarters
13 and partly for other purposes, the applicable tax deferral is
14 determined by apportionment of the costs of construction under rules
15 adopted by the department.

16 (11) "Qualified employment position" means a permanent full-time
17 employee employed in the eligible investment project during the entire
18 tax year. The term "entire tax year" means a full-time position that
19 is filled for a period of twelve consecutive months. The term "full-
20 time" means at least thirty-five hours a week, four hundred fifty-five
21 hours a quarter, or one thousand eight hundred twenty hours a year.

22 (12) "Recipient" means a person receiving a tax deferral under this
23 chapter.

24 (13) "Warehouse" means a building or structure, or any part
25 thereof, in which goods, wares, or merchandise are received for storage
26 for compensation.

27 (14) "Wholesale sale" has the same meaning as provided in RCW
28 82.04.060.

--- END ---