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**SUBSTITUTE SENATE BILL 6613**

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**State of Washington**

**61st Legislature**

**2010 Regular Session**

**By** Senate Economic Development, Trade & Innovation (originally sponsored by Senators Kastama, Shin, Kilmer, and Sheldon; by request of Governor Gregoire)

READ FIRST TIME 02/05/10.

1       AN ACT Relating to modifying the sales and use tax deferral program  
2 for investment projects in rural counties; amending RCW 82.60.010,  
3 82.60.020, 82.60.030, 82.60.040, 82.60.060, 82.60.070, 82.32.600,  
4 82.60.100, 82.62.010, and 82.60.049; adding new sections to chapter  
5 82.60 RCW; decodifying RCW 82.60.900 and 82.60.901; repealing RCW  
6 82.60.050 and 82.60.110; adding a new section to chapter 82.60 RCW;  
7 providing an effective date; providing a contingent effective date; and  
8 providing expiration dates.

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

10       **Sec. 1.** RCW 82.60.010 and 1985 c 232 s 1 are each amended to read  
11 as follows:

12       The legislature finds that there are several areas in the state  
13 that are characterized by very high levels of unemployment and poverty.  
14 The (~~legislative~~[legislature]) legislature further finds that  
15 economic stagnation is the primary cause of this high unemployment rate  
16 and poverty; that new state policies are necessary in order to promote  
17 economic stimulation and new employment opportunities in these  
18 distressed areas; and that policies providing incentives for economic  
19 growth in these distressed areas are essential. For these reasons, the

1 legislature (~~hereby~~) reestablishes a tax deferral program to be  
2 effective solely in distressed (~~areas and under circumstances where~~  
3 ~~the deferred tax payments are for investments or costs that result in~~  
4 ~~the creation of a specified number of jobs~~) counties. The legislature  
5 declares that this limited program serves the vital public purpose of  
6 creating employment opportunities and reducing poverty in the  
7 distressed (~~areas~~) counties of the state.

8 **Sec. 2.** RCW 82.60.020 and 2006 c 142 s 1 are each amended to read  
9 as follows:

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

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

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

15 (3) "Eligible area" means (~~a~~):

16 (a) Through June 30, 2010, a rural county as defined in RCW  
17 82.14.370; and

18 (b) Beginning July 1, 2010, a qualifying county.

19 (4)(a) "Eligible investment project" means an investment project  
20 that is located, as of the date the application required by RCW  
21 82.60.030 is received by the department, in an eligible area as defined  
22 in subsection (3) of this section.

23 (b) (~~The lessor or owner of a qualified building is not eligible~~  
24 ~~for a deferral unless:~~

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

27 ~~(ii)(A) The lessor by written contract agrees to pass the economic~~  
28 ~~benefit of the deferral to the lessee;~~

29 ~~(B) 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 82.60.070; and~~

32 ~~(C) The economic benefit of the deferral passed to the lessee is no~~  
33 ~~less than the amount of tax deferred by the lessor and is evidenced by~~  
34 ~~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.~~

1       ~~(e)~~) "Eligible investment project" does not include any portion of  
2 an investment project undertaken by a light and power business as  
3 defined in RCW 82.16.010(~~(+5)~~) (4), other than that portion of a  
4 cogeneration project that is used to generate power for consumption  
5 within the manufacturing site of which the cogeneration project is an  
6 integral part, or investment projects (~~(which)~~) that have already  
7 received deferrals under this chapter.

8       (5) "Initiation of construction" has the same meaning as in RCW  
9 82.63.010.

10       (6) "Investment project" means an investment in qualified buildings  
11 or qualified machinery and equipment, including labor and services  
12 rendered in the planning, installation, and construction of the  
13 project.

14       (~~(+6)~~) (7) "Manufacturing" means the same as defined in RCW  
15 82.04.120. "Manufacturing" also includes computer programming, the  
16 production of computer software, and other computer-related services,  
17 the activities performed by research and development laboratories and  
18 commercial testing laboratories, and the conditioning of vegetable  
19 seeds.

20       (~~(+7)~~) (8) "Person" has the meaning given in RCW 82.04.030.

21       (~~(+8)~~) (9) "Qualified buildings" means construction of new  
22 structures, and expansion or renovation of existing structures for the  
23 purpose of increasing floor space or production capacity used for  
24 manufacturing and research and development activities, including plant  
25 offices and warehouses or other facilities for the storage of raw  
26 material or finished goods if such facilities are an essential or an  
27 integral part of a factory, mill, plant, or laboratory used for  
28 manufacturing or research and development. If a building is used  
29 partly for manufacturing or research and development and partly for  
30 other purposes, the applicable tax deferral shall be determined by  
31 apportionment of the costs of construction under rules adopted by the  
32 department.

33       (~~(+9)~~) (10) "Qualified employment position" means a permanent  
34 full-time employee employed in the eligible investment project during  
35 the entire tax year. The term "entire tax year" means a full-time  
36 position that is filled for a period of twelve consecutive months. The  
37 term "full-time" means at least thirty-five hours a week, four hundred

1 fifty-five hours a quarter, or one thousand eight hundred twenty hours  
2 a year.

3 ~~((+10))~~ (11) "Qualified machinery and equipment" means all new  
4 industrial and research fixtures, equipment, and support facilities  
5 that are an integral and necessary part of a manufacturing or research  
6 and development operation. "Qualified machinery and equipment"  
7 includes: Computers; software; data processing equipment; laboratory  
8 equipment; manufacturing components such as belts, pulleys, shafts, and  
9 moving parts; molds, tools, and dies; operating structures; and all  
10 equipment used to control or operate the machinery.

11 ~~((+11))~~ (12) "Qualifying county" means a county that has an  
12 unemployment rate, as determined by the employment security department,  
13 which is at least twenty percent above the state average for the three  
14 calendar years immediately preceding the year in which the list of  
15 distressed counties is established or updated, as the case may be, as  
16 provided in section 3 of this act.

17 (13) "Recipient" means a person receiving a tax deferral under this  
18 chapter.

19 ~~((+12))~~ (14) "Research and development" means the development,  
20 refinement, testing, marketing, and commercialization of a product,  
21 service, or process before commercial sales have begun. As used in  
22 this subsection, "commercial sales" excludes sales of prototypes or  
23 sales for market testing if the total gross receipts from such sales of  
24 the product, service, or process do not exceed one million dollars.

25 NEW SECTION. Sec. 3. A new section is added to chapter 82.60 RCW  
26 to read as follows:

27 The department, with the assistance of the employment security  
28 department, must establish a list of qualifying counties effective July  
29 1, 2010. The list of qualifying counties is effective for a twenty-  
30 four month period and must be updated by July 1st of the year that is  
31 two calendar years after the list was established or last updated, as  
32 the case may be.

33 NEW SECTION. Sec. 4. A new section is added to chapter 82.60 RCW  
34 to read as follows:

35 The lessor or owner of a qualified building is not eligible for a  
36 deferral unless:

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

3 (2)(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 **Sec. 5.** RCW 82.60.030 and 1994 sp.s. c 1 s 2 are each amended to  
14 read as follows:

15 (1) Application for deferral of taxes under this chapter must be  
16 made before initiation of the construction of the investment project or  
17 acquisition of equipment or machinery. The application (~~(shall)~~) must  
18 be made to the department in a form and manner prescribed by the  
19 department. The application (~~(shall)~~) must contain information  
20 regarding the location of the investment project, the applicant's  
21 average employment in the state for the prior year, estimated or actual  
22 new employment related to the project, estimated or actual wages of  
23 employees related to the project, estimated or actual costs, time  
24 schedules for completion and operation, and other information required  
25 by the department. The department (~~(shall)~~) must rule on the  
26 application within sixty days.

27 (2) This section expires July 1, 2020.

28 **Sec. 6.** RCW 82.60.040 and 2004 c 25 s 4 are each amended to read  
29 as follows:

30 (1) The department (~~(shall)~~) must issue a sales and use tax  
31 deferral certificate for state and local sales and use taxes due under  
32 chapters 82.08, 82.12, and 82.14 RCW on each eligible investment  
33 project (~~(that is located in an eligible area as defined in RCW~~  
34 ~~82.60.020)~~).

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

1 (3) This section expires July 1, (~~(2010)~~) 2020.

2 **Sec. 7.** RCW 82.60.060 and 2000 c 106 s 5 are each amended to read  
3 as follows:

4 (1) The recipient (~~(shall)~~) must begin paying the deferred taxes in  
5 the third year after the date certified by the department as the date  
6 on which the (~~(construction)~~) investment project has been operationally  
7 completed. The first payment will be due on December 31st of the third  
8 calendar year after such certified date, with subsequent annual  
9 payments due on December 31st of the following four years with amounts  
10 of payment scheduled as follows:

11	Repayment Year	% of Deferred Tax Repaid
12	1	10%
13	2	15%
14	3	20%
15	4	25%
16	5	30%

17 (2) The department may authorize an accelerated repayment schedule  
18 upon request of the recipient.

19 (3) Interest (~~(shall)~~) may not be charged on any taxes deferred  
20 under this chapter for the period of deferral, although all other  
21 penalties and interest applicable to delinquent excise taxes may be  
22 assessed and imposed for delinquent payments under this chapter. The  
23 debt for deferred taxes will not be extinguished by insolvency or other  
24 failure of the recipient. Transfer of ownership does not terminate the  
25 deferral. The deferral is transferred, subject to the successor  
26 meeting the eligibility requirements of this chapter, for the remaining  
27 periods of the deferral.

28 **Sec. 8.** RCW 82.60.070 and 2004 c 25 s 7 are each amended to read  
29 as follows:

30 (1)(a) The legislature finds that accountability and effectiveness  
31 are important aspects of setting tax policy. In order to make policy  
32 choices regarding the best use of limited state resources the  
33 legislature needs information on how a tax incentive is used.

1 (b) Each recipient of a deferral granted under this chapter after  
2 June 30, 1994, (~~shall~~) must complete an annual survey. If the  
3 economic benefits of the deferral are passed to a lessee as provided in  
4 (~~RCW 82.60.020(4)~~) section 4 of this act, the lessee (~~shall agree~~  
5 ~~to~~) must complete the annual survey and the applicant is not required  
6 to complete the annual survey. The survey is due by March 31st of the  
7 year following the calendar year in which the investment project is  
8 certified by the department as having been operationally complete and  
9 the seven succeeding calendar years. The survey shall include the  
10 amount of tax deferred, the number of new products or research projects  
11 by general classification, and the number of trademarks, patents, and  
12 copyrights associated with activities at the investment project. The  
13 survey (~~shall~~) must also include the following information for  
14 employment positions in Washington:

15 (i) The number of total employment positions;

16 (ii) Full-time, part-time, and temporary employment positions as a  
17 percent of total employment;

18 (iii) The number of employment positions according to the following  
19 wage bands: Less than thirty thousand dollars; thirty thousand dollars  
20 or greater, but less than sixty thousand dollars; and sixty thousand  
21 dollars or greater. A wage band containing fewer than three  
22 individuals may be combined with another wage band; and

23 (iv) The number of employment positions that have employer-provided  
24 medical, dental, and retirement benefits, by each of the wage bands.

25 (c) As part of the survey, the department may request additional  
26 information necessary to measure the results of, or determine  
27 eligibility for, the deferral program, to be submitted at the same time  
28 as the survey.

29 (d) All information collected under this subsection, except the  
30 amount of the tax deferral taken, is deemed taxpayer information under  
31 RCW 82.32.330 and is not disclosable. Information on the amount of tax  
32 deferral taken is not subject to the confidentiality provisions of RCW  
33 82.32.330 and may be disclosed to the public upon request.

34 (e) The department (~~shall~~) must use the information from this  
35 section to prepare summary descriptive statistics by category. No  
36 fewer than three taxpayers (~~shall~~) may be included in any category.  
37 The department shall report these statistics to the legislature each  
38 year by September 1st.

1 (f) The department (~~shall~~) must also use the information to study  
2 the tax deferral program authorized under this chapter. The department  
3 (~~shall~~) must report to the legislature by December 1, (~~2009~~) 2019.  
4 The report (~~shall~~) must measure the effect of the program on job  
5 creation, the number of jobs created for residents of eligible areas,  
6 company growth, the introduction of new products, the diversification  
7 of the state's economy, growth in research and development investment,  
8 the movement of firms or the consolidation of firms' operations into  
9 the state, and such other factors as the department selects.

10 (2)(a) Except as provided in section 9 of this act, if, on the  
11 basis of a survey under this section or other information, the  
12 department finds that an investment project is not eligible for tax  
13 deferral under this chapter, the amount of deferred taxes outstanding  
14 for the project (~~shall~~), according to the repayment schedule in RCW  
15 82.60.060, will be immediately due. For purposes of this subsection  
16 (2)(a), the repayment schedule in RCW 82.60.060 is tolled during the  
17 period of time that a taxpayer is receiving relief from repayment of  
18 deferred taxes under section 9 of this act.

19 (b) If a recipient of the deferral fails to complete the annual  
20 survey required under subsection (1) of this section by the date due,  
21 twelve and one-half percent of the deferred tax (~~shall~~) will be  
22 immediately due. If the economic benefits of the deferral are passed  
23 to a lessee as provided in (~~RCW 82.60.020(4)~~) section 4 of this act,  
24 the lessee (~~shall be~~) is responsible for payment to the extent the  
25 lessee has received the economic benefit.

26 (3) Notwithstanding any other subsection of this section, deferred  
27 taxes need not be repaid on machinery and equipment for lumber and wood  
28 products industries, and sales of or charges made for labor and  
29 services, of the type which qualifies for exemption under RCW  
30 82.08.02565 or 82.12.02565 to the extent the taxes have not been repaid  
31 before July 1, 1995.

32 (4) Notwithstanding any other subsection of this section, deferred  
33 taxes on the following need not be repaid:

34 (a) Machinery and equipment, and sales of or charges made for labor  
35 and services, which at the time of purchase would have qualified for  
36 exemption under RCW 82.08.02565; and

37 (b) Machinery and equipment which at the time of first use would  
38 have qualified for exemption under RCW 82.12.02565.



1       **Sec. 9.** RCW 82.32.600 and 2009 c 461 s 8 are each amended to read  
2 as follows:

3       (1) Persons required to file annual surveys or annual reports under  
4 RCW 82.04.4452, 82.32.5351, 82.32.545, 82.32.610, 82.32.630, 82.82.020,  
5 82.32.632, 82.60.070, or 82.74.040 must electronically file with the  
6 department all surveys, reports, returns, and any other forms or  
7 information the department requires in an electronic format as provided  
8 or approved by the department. As used in this section, "returns" has  
9 the same meaning as "return" in RCW 82.32.050.

10       (2) Any survey, report, return, or any other form or information  
11 required to be filed in an electronic format under subsection (1) of  
12 this section is not filed until received by the department in an  
13 electronic format.

14       (3) The department may waive the electronic filing requirement in  
15 subsection (1) of this section for good cause shown.

16       NEW SECTION. **Sec. 10.** A new section is added to chapter 82.60 RCW  
17 to read as follows:

18       (1) Subject to the conditions in this section, a person is not  
19 liable for the amount of deferred taxes outstanding for an investment  
20 project when the person temporarily ceases to use its qualified  
21 buildings and qualified machinery and equipment for manufacturing or  
22 research and development activities for a period not to exceed twenty-  
23 four months from the date that the department sent its assessment for  
24 the amount of outstanding deferred taxes to the taxpayer.

25       (2) The relief from repayment of deferred taxes under this section  
26 does not apply unless the number of qualified employment positions  
27 maintained at the investment project after manufacturing or research  
28 and development activities are temporarily ceased is at least ten  
29 percent of the number of qualified employment positions employed at the  
30 investment project at the time the deferral was approved by the  
31 department. If a person has been approved for more than one deferral  
32 under this chapter, relief from repayment of deferred taxes under this  
33 section does not apply unless the number of qualified employment  
34 positions maintained at the investment project after manufacturing or  
35 research and development activities are temporarily ceased is at least  
36 ten percent of the highest number of qualified employment positions at  
37 the investment project at the time any of the deferrals were approved

1 by the department. If, at any time during the twenty-four month period  
2 after the department has sent the taxpayer an assessment for  
3 outstanding deferred taxes resulting from the person temporarily  
4 ceasing to use its qualified buildings and qualified machinery and  
5 equipment for manufacturing or research and development activities, the  
6 number of qualified employment positions falls below the ten percent  
7 threshold in this subsection, the amount of deferred taxes outstanding  
8 for the project is immediately due.

9 (3) The lessor of an investment project for which a deferral has  
10 been granted under this chapter who has passed the economic benefits of  
11 the deferral to the lessee is not eligible for relief from the payment  
12 of deferred taxes under this section.

13 (4) A person seeking relief from the payment of deferred taxes  
14 under this section must apply to the department in a form and manner  
15 prescribed by the department. The application required under this  
16 subsection must be received by the department within thirty days of the  
17 date that the department sent its assessment for outstanding deferred  
18 taxes resulting from the person temporarily ceasing to use its  
19 qualified buildings and qualified machinery and equipment for  
20 manufacturing or research and development activities. The department  
21 must approve applications that meet the requirements in this section  
22 for relief from the payment of deferred taxes.

23 (5) A person is entitled to relief under this section only once.

24 (6) A person whose application for relief from the payment of  
25 deferred taxes has been approved under this section must continue to  
26 file an annual survey as required under RCW 82.60.070(1) or any  
27 successor statute. In addition, the person must file, in a form and  
28 manner prescribed by the department, a report on the status of the  
29 business and the outlook for commencing manufacturing or research and  
30 development activities.

31 **Sec. 11.** RCW 82.60.100 and 1987 c 49 s 1 are each amended to read  
32 as follows:

33 Applications, reports, and any other information received by the  
34 department under this chapter (~~shall~~), except applications not  
35 approved by the department, are not (~~be~~) confidential and (~~shall~~  
36 ~~be~~) are subject to disclosure.

1       **Sec. 12.** RCW 82.62.010 and 2007 c 485 s 1 are each amended to read  
2 as follows:

3       Unless the context clearly requires otherwise, the definitions in  
4 this section apply throughout this chapter.

5       (1) "Applicant" means a person applying for a tax credit under this  
6 chapter.

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

8       (3) "Eligible area" means (~~(an area)~~) a "rural county" as defined  
9 in RCW (~~(82.60.020)~~) 82.14.370.

10       (4)(a) "Eligible business project" means manufacturing or research  
11 and development activities which are conducted by an applicant in an  
12 eligible area at a specific facility, provided the applicant's average  
13 qualified employment positions at the specific facility will be at  
14 least fifteen percent greater in the four consecutive full calendar  
15 quarters after the calendar quarter during which the first qualified  
16 employment position is filled than the applicant's average qualified  
17 employment positions at the same facility in the four consecutive full  
18 calendar quarters immediately preceding the calendar quarter during  
19 which the first qualified employment position is filled.

20       (b) "Eligible business project" does not include any portion of a  
21 business project undertaken by a light and power business as defined in  
22 RCW 82.16.010(~~(+5)~~) (4) or that portion of a business project creating  
23 qualified full-time employment positions outside an eligible area.

24       (5) "First qualified employment position" means the first qualified  
25 employment position filled for which a credit under this chapter is  
26 sought.

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

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

33       (8)(a)(i) "Qualified employment position" means a permanent full-  
34 time employee employed in the eligible business project during four  
35 consecutive full calendar quarters.

36       (ii) For seasonal employers, "qualified employment position" also  
37 includes the equivalent of a full-time employee in work hours for four  
38 consecutive full calendar quarters.

1 (b) For purposes of this subsection, "full time" means a normal  
2 work week of at least thirty-five hours.

3 (c) Once a permanent, full-time employee has been employed, a  
4 position does not cease to be a qualified employment position solely  
5 due to periods in which the position goes vacant, as long as:

6 (i) The cumulative period of any vacancies in that position is not  
7 more than one hundred twenty days in the four-quarter period; and

8 (ii) During a vacancy, the employer is training or actively  
9 recruiting a replacement permanent, full-time employee for the  
10 position.

11 (9) "Recipient" means a person receiving tax credits under this  
12 chapter.

13 (10) "Research and development" means the development, refinement,  
14 testing, marketing, and commercialization of a product, service, or  
15 process before commercial sales have begun. As used in this  
16 subsection, "commercial sales" excludes sales of prototypes or sales  
17 for market testing if the total gross receipts from such sales of the  
18 product, service, or process do not exceed one million dollars.

19 (11) "Seasonal employee" means an employee of a seasonal employer  
20 who works on a seasonal basis. For the purposes of this subsection and  
21 subsection (12) of this section, "seasonal basis" means a continuous  
22 employment period of less than twelve consecutive months.

23 (12) "Seasonal employer" means a person who regularly hires more  
24 than fifty percent of its employees to work on a seasonal basis.

25 **Sec. 13.** RCW 82.60.049 and 2004 c 25 s 5 are each amended to read  
26 as follows:

27 (1) For the purposes of this section:

28 (a) "Eligible area" also means a designated community empowerment  
29 zone approved under RCW 43.31C.020 (~~or a county containing a community~~  
30 ~~empowerment zone~~)).

31 (b) "Eligible investment project" also means an investment project  
32 in an eligible area as defined in this section.

33 (2) In addition to the provisions of RCW 82.60.040, the department  
34 shall issue a sales and use tax deferral certificate for state and  
35 local sales and use taxes due under chapters 82.08, 82.12, and 82.14  
36 RCW, on each eligible investment project that is located in an eligible

1 area, if the applicant establishes that at the time the project is  
2 operationally complete:

3 (a) The applicant will hire at least one qualified employment  
4 position for each seven hundred fifty thousand dollars of investment  
5 for which a deferral is requested; and

6 (b) The positions will be filled by persons who at the time of hire  
7 are residents of the community empowerment zone. As used in this  
8 subsection, "resident" means the person makes his or her home in the  
9 community empowerment zone. A mailing address alone is insufficient to  
10 establish that a person is a resident for the purposes of this section.  
11 The persons must be hired after the date the application is filed with  
12 the department.

13 (3) All other provisions and eligibility requirements of this  
14 chapter apply to applicants eligible under this section.

15 (4) The qualified employment position must be filled by the end of  
16 the calendar year following the year in which the project is certified  
17 as operationally complete. If a person does not meet the requirements  
18 for qualified employment positions by the end of the second calendar  
19 year following the year in which the project is certified as  
20 operationally complete, all deferred taxes are immediately due.

21 NEW SECTION. **Sec. 14.** RCW 82.60.900 and 82.60.901 are each  
22 decodified.

23 NEW SECTION. **Sec. 15.** The following acts or parts of acts are  
24 each repealed:

25 (1) RCW 82.60.050 (Expiration of RCW 82.60.030 and 82.60.040) and  
26 2004 c 25 s 6, 1994 sp.s. c 1 s 7, 1993 sp.s. c 25 s 404, 1988 c 41 s  
27 5, & 1985 c 232 s 10; and

28 (2) RCW 82.60.110 (Competing projects--Impact study) and 1998 c 245  
29 s 169 & 1994 sp.s. c 1 s 8.

30 NEW SECTION. **Sec. 16.** Sections 1, 2, 4 through 7, and 10 through  
31 15 of this act take effect July 1, 2010.

32 NEW SECTION. **Sec. 17.** Sections 8 and 9 of this act take effect

1 July 1, 2010, if the legislature does not enact Substitute House Bill  
2 No. 1597 by July 1, 2010.

--- END ---