

2SHB 2580 - H AMD 719

By Representative Buys

SCOPE AND OBJECT 02/13/2014

1 On page 4, after line 4, insert the following:

2 "Sec. 3. RCW 82.04.240 and 2004 c 24 s 4 are each amended to read
3 as follows:

4 (1) Upon every person engaging within this state in business as a
5 manufacturer, except persons taxable as manufacturers under other
6 provisions of this chapter; as to such persons the amount of the tax
7 with respect to such business (~~(shall be)~~) is equal to the value of the
8 products, including byproducts, manufactured, multiplied by the rate of
9 (~~(0.484)~~) 0.2904 percent.

10 (2) The measure of the tax is the value of the products, including
11 byproducts, so manufactured regardless of the place of sale or the fact
12 that deliveries may be made to points outside the state.

13 **Sec. 4.** RCW 82.04.240 and 2010 c 114 s 104 are each amended to
14 read as follows:

15 (1) Upon every person engaging within this state in business as a
16 manufacturer, except persons taxable as manufacturers under other
17 provisions of this chapter; as to such persons the amount of the tax
18 with respect to such business is equal to the value of the products,
19 including byproducts, manufactured, multiplied by the rate of (~~(0.484)~~)
20 0.2904 percent.

21 (2)(a) Upon every person engaging within this state in the business
22 of manufacturing semiconductor materials, as to such persons the amount
23 of tax with respect to such business is, in the case of manufacturers,
24 equal to the value of the product manufactured, or, in the case of
25 processors for hire, equal to the gross income of the business,
26 multiplied by the rate of 0.275 percent. For the purposes of this
27 subsection "semiconductor materials" means silicon crystals, silicon
28 ingots, raw polished semiconductor wafers, compound semiconductors,
29 integrated circuits, and microchips.

1 (b) A person reporting under the tax rate provided in this
2 subsection (2) must file a complete annual report with the department
3 under RCW 82.32.534.

4 (c) This subsection (2) expires twelve years after the effective
5 date of this act.

6 (3) The measure of the tax is the value of the products, including
7 byproducts, so manufactured regardless of the place of sale or the fact
8 that deliveries may be made to points outside the state.

9 **Sec. 5.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401
10 are each reenacted and amended to read as follows:

11 (1)(a) Section 4, chapter ---, Laws of 2014 (section 4 of this
12 act), section 206, chapter 106, Laws of 2010, sections 104, 110, 117,
13 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, section 3,
14 chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006, and
15 section 4, chapter 149, Laws of 2003 are contingent upon the siting and
16 commercial operation of a significant semiconductor microchip
17 fabrication facility in the state of Washington.

18 (b) For the purposes of this section:

19 (i) "Commercial operation" means the same as "commencement of
20 commercial production" as used in RCW 82.08.965.

21 (ii) "Semiconductor microchip fabrication" means "manufacturing
22 semiconductor microchips" as defined in RCW 82.04.426.

23 (iii) "Significant" means the combined investment of new buildings
24 and new machinery and equipment in the buildings, at the commencement
25 of commercial production, will be at least one billion dollars.

26 (2) Chapter 149, Laws of 2003 takes effect the first day of the
27 month in which a contract for the construction of a significant
28 semiconductor fabrication facility is signed, as determined by the
29 director of the department of revenue.

30 (3)(a) The department of revenue must provide notice of the
31 effective date of section 4, chapter ---, Laws of 2014 (section 4 of
32 this act), sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter
33 114, Laws of 2010, section 3, chapter 461, Laws of 2009, section 7,
34 chapter 300, Laws of 2006, and section 4, chapter 149, Laws of 2003 to
35 affected taxpayers, the legislature, and others as deemed appropriate
36 by the department.

1 (b) If, after making a determination that a contract has been
2 signed and chapter 149, Laws of 2003 is effective, the department
3 discovers that commencement of commercial production did not take place
4 within three years of the date the contract was signed, the department
5 must make a determination that chapter 149, Laws of 2003 is no longer
6 effective, and all taxes that would have been otherwise due are deemed
7 deferred taxes and are immediately assessed and payable from any person
8 reporting tax under RCW 82.04.240(2) or claiming an exemption or credit
9 under section 2 or 5 through 10, chapter 149, Laws of 2003. The
10 department is not authorized to make a second determination regarding
11 the effective date of chapter 149, Laws of 2003.

12 NEW SECTION. **Sec. 6.** Section 3 of this act expires on the date
13 that section 4 of this act takes effect."

14 Correct the title.

EFFECT: Decreases the business and occupation tax rate for
businesses engaged in manufacturing in the state from 0.484 percent to
0.2904 percent.

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