
SUBSTITUTE SENATE BILL 5208

State of Washington 65th Legislature 2017 Regular Session

By Senate Agriculture, Water, Trade & Economic Development
(originally sponsored by Senators Warnick, Takko, Dandel, Brown,
Hawkins, Schoesler, Mullet, and Saldaña)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to creating the Washington rural jobs act; adding
2 a new section to chapter 82.04 RCW; adding a new chapter to Title 43
3 RCW; and providing a contingent expiration date.

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

5 NEW SECTION. **Sec. 1.** TAX PREFERENCE PERFORMANCE STATEMENT. (1)
6 This section is the tax preference performance statement for the tax
7 preferences created in sections 7 and 11, chapter . . . , Laws of 2017
8 (sections 7 and 11 of this act). This performance statement is only
9 intended to be used for subsequent evaluation of the tax preferences.

10 (2) The legislature categorizes these tax preferences as ones
11 intended to create or retain jobs, as indicated in RCW
12 82.32.808(2)(c).

13 (3) It is the legislature's specific public policy objective to
14 create and retain jobs in rural areas of Washington. It is the
15 legislature's intent to provide a vested tax credit that may be used
16 to offset certain business and occupation taxes under chapter 82.04
17 RCW, insurance premium taxes under chapter 48.14 RCW, and any
18 retaliatory taxes under chapter 48.14 RCW owed by Washington
19 taxpayers, in order to induce such taxpayers to invest in rural
20 growth funds whose management teams:

1 (a) Have experience investing in companies located in rural
2 areas;

3 (b) Have been vetted by the United States small business
4 administration or the United States department of agriculture; and

5 (c) Have submitted a business plan that:

6 (i) Projects the number of jobs that will be created or retained
7 as a result of such investment fund's investments in rural companies
8 and includes the assumptions used to determine the projection; and

9 (ii) Includes a revenue impact assessment that demonstrates that
10 the business plan will result in a positive economic impact on
11 Washington state over a ten-year period that exceeds the cumulative
12 amount of tax credits that would be issued to the investment fund's
13 investors, thereby:

14 (A) Enabling the capitalization of rural growth funds;

15 (B) Incentivizing and requiring rural growth funds to invest in
16 companies located in rural areas of Washington; and

17 (C) Enabling the creation or retention of jobs in rural areas of
18 Washington.

19 (4) If the joint legislative audit and review committee finds
20 that the aggregate number of jobs created or retained matches or
21 exceeds the aggregate number of jobs set forth in the business plans
22 of approved rural growth funds, pro rata based upon the amount of
23 investment authority awarded to each rural growth fund pursuant to
24 each application, in the six years following enactment of these tax
25 preferences, then the legislature intends to continue the tax
26 preferences created in sections 7 and 11, chapter . . . , Laws of 2017
27 (sections 7 and 11 of this act).

28 (5) In order to obtain the data necessary to perform the review
29 in subsection (4) of this section, the joint legislative audit and
30 review committee may refer to:

31 (a) The annual survey that a taxpayer claiming the tax credit in
32 section 11 of this act must file with the department of revenue under
33 RCW 82.32.585; and

34 (b) The annual reports required under section 9 of this act.

35 NEW SECTION. **Sec. 2.** SHORT TITLE. This chapter may be known and
36 cited as the Washington rural jobs act.

1 NEW SECTION. **Sec. 3.** DEFINITIONS. The definitions in this
2 section apply throughout this chapter unless the context clearly
3 requires otherwise.

4 (1) "Affiliate" means an entity that directly or indirectly,
5 through one or more intermediaries, controls, is controlled by, or is
6 under common control with another entity. For the purposes of this
7 chapter, "control" means the possession, directly or indirectly, of
8 more than fifty percent of the power to direct or cause the direction
9 of the management and policies of a person, whether through the
10 ownership of voting shares, by contract, or otherwise.

11 (2) "Closing date" means the date on which a rural growth fund
12 has collected all of the amounts specified by section 4 of this act.

13 (3) "Credit-eligible capital contribution" means an investment of
14 cash by a person subject to (a) business and occupation taxes under
15 chapter 82.04 RCW, (b) insurance premium taxes under chapter 48.14
16 RCW, or (c) retaliatory taxes under chapter 48.14 RCW in a rural
17 growth fund that equals the amount specified on a tax credit
18 certificate issued by the department under section 4 of this act. The
19 investment must purchase an equity interest in the rural growth fund
20 or purchase, at par value or premium, a debt instrument that has a
21 maturity date at least five years from the closing date.

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

23 (5) "Investment authority" means the amount stated on the written
24 approval issued under section 4(5) of this act certifying the rural
25 growth fund. At least sixty percent of a rural growth fund's
26 investment authority must be comprised of credit-eligible capital
27 contributions.

28 (6) "NAICS code" means the North American industry classification
29 system code used by federal statistical agencies and the state in
30 classifying business establishments for the purpose of collecting,
31 analyzing, and publishing statistical data related to the business
32 economy.

33 (7) "Principal business operations" means a business located at
34 the place or places where at least sixty percent of its employees
35 work or where employees that are paid at least sixty percent of its
36 payroll work. An out-of-state business that has agreed to relocate
37 employees using the proceeds of a rural growth investment to
38 establish its principal business operations in a rural area in the
39 state is deemed to have its principal business operations in this new
40 location provided it satisfies this definition within one hundred

1 eighty days after receiving the rural growth investment, unless the
2 department agrees to a later date.

3 (8) "Rural area" means either of the following:

4 (a) All areas outside of places identified by the United States
5 census bureau as having more than fifty thousand people; or

6 (b) Any area determined to be "rural in character" by the
7 undersecretary of agriculture for rural development within the United
8 States department of agriculture.

9 (9) "Rural business concern" means a business that, at the time
10 of the initial investment in the company by a rural growth fund:

11 (a) Has less than two hundred fifty employees and not more than
12 ten million dollars in net income for the preceding taxable year;

13 (b) Has its principal business operations in one or more rural
14 areas in the state; and

15 (c) Is engaged in industries related to manufacturing, plant
16 sciences, services, or technology or, if not engaged in such
17 industries, the department makes a determination that the investment
18 will be highly beneficial to the economic growth of the state.

19 (10) "Rural growth fund" means an entity certified by the
20 department under section 4 of this act.

21 (11) "Rural growth investment" means any capital or equity
22 investment in a rural business concern or any loan to a rural
23 business concern with a stated maturity at least one year after the
24 date of issuance.

25 NEW SECTION. **Sec. 4.** TAX CREDIT APPLICATION, APPROVAL, AND
26 ALLOCATIONS. (1) Beginning November 1, 2017, the department must
27 accept applications for approval as a rural growth fund. The
28 application must include all of the following:

29 (a) The total investment authority sought by the applicant under
30 the business plan;

31 (b) A copy of the applicant's or an affiliate of the applicant's
32 license as a rural business investment company under Title 7 U.S.C.
33 Sec. 2009cc, as amended, as of January 1, 2017, or as a small
34 business investment company under Title 15 U.S.C. Sec. 681, as
35 amended, as of January 1, 2017;

36 (c) Evidence that, as of the date the application is submitted,
37 the applicant or affiliates of the applicant have invested at least
38 one hundred million dollars in nonpublic companies located in

1 nonmetropolitan counties as defined by the office of management and
2 budget on the basis of counties or county-equivalent units;

3 (d) An estimate of the number of jobs that will be created or
4 retained in this state as a result of the applicant's rural growth
5 investments and the assumptions used to determine the estimate;

6 (e) A business plan that includes a revenue impact assessment
7 projecting state and local tax revenue to be generated by the
8 applicant's proposed rural growth investments prepared by a
9 nationally recognized third-party independent economic forecasting
10 firm using a dynamic economic forecasting model that analyzes the
11 applicant's business plan over the ten years following the date the
12 application is submitted to the department;

13 (f) A signed affidavit from each investor stating the amount of
14 credit-eligible capital contributions each taxpayer commits to make
15 and against which of the three tax types the investor plans to apply
16 the credit: (i) Business and occupation taxes under chapter 82.04
17 RCW; (ii) insurance premium taxes under chapter 48.14 RCW; or (iii)
18 retaliatory taxes under chapter 48.14 RCW; and

19 (g) A nonrefundable application fee of five thousand dollars.

20 (2) The department must make an application determination within
21 thirty days of receipt in the order in which the applications are
22 received. The department must deem applications received on the same
23 day to have been received simultaneously. The department may not
24 approve more than one hundred million dollars in investment authority
25 and not more than sixty million dollars in credit-eligible capital
26 contributions under this section. If requests for investment
27 authority exceed this limitation, the department must proportionally
28 reduce the investment authority and the credit-eligible capital
29 contributions for each approved application as necessary to avoid
30 exceeding the limit.

31 (3) The department must deny an application submitted under this
32 section if any of the following are true:

33 (a) The application is incomplete or the application fee is not
34 paid in full;

35 (b) The applicant does not satisfy all the criteria described in
36 subsection (1)(b) of this section;

37 (c) The revenue impact assessment submitted under subsection
38 (1)(e) of this section does not demonstrate that the applicant's
39 business plan will result in a positive economic impact on the state
40 over a ten-year period that exceeds the cumulative amount of tax

1 credits that would be issued to the applicant's investors under
2 section 7 or 11 of this act if the application were approved;

3 (d) The credit-eligible capital contributions described in
4 affidavits submitted under subsection (1)(f) of this section do not
5 equal at least sixty percent of the total amount of investment
6 authority sought under the applicant's business plan; or

7 (e) The department has already approved the maximum amount of
8 investment authority and credit-eligible capital contributions
9 allowed under subsection (2) of this section.

10 (4) If the department denies an application, the applicant may
11 provide additional information to the department to complete,
12 clarify, or cure defects in the application identified by the
13 department within fifteen days of the notice of denial for
14 reconsideration and determination. The department must review and
15 reconsider such applications within thirty days before any pending
16 application submitted after the original submission date of the
17 reconsidered application.

18 (5) The department may not deny a rural growth fund application
19 or reduce the requested investment authority for reasons other than
20 those described in subsections (2) and (3) of this section. Upon
21 approval of an application, the department must provide a written
22 approval to the applicant as a rural growth fund specifying the
23 amount of the applicant's investment authority.

24 (6) After receiving the approval issued under subsection (5) of
25 this section, a rural growth fund must:

26 (a) Within sixty days:

27 (i) Collect the credit-eligible capital contributions from each
28 taxpayer issued a tax credit certificate under subsection (5) of this
29 section; and

30 (ii) Collect one or more investments of cash that, when added to
31 the contributions collected under (a)(i) of this subsection, equal
32 the rural growth fund's investment authority.

33 (b) Within sixty-five days, send to the department documentation
34 sufficient to prove that the amounts described in (a)(i) and (ii) of
35 this subsection have been collected.

36 (7) Upon receiving documentation from the rural growth fund that
37 it is fully funded, the department must issue a tax credit
38 certificate to each investor whose affidavit was included in the
39 application specifying the amount of the investor's credit-eligible
40 capital contribution. The department must provide a copy of the tax

1 credit certificates to the office of the insurance commissioner for
2 investors earning tax credits eligible for use against insurance
3 premium or retaliatory taxes imposed under chapter 48.14 RCW and to
4 the department of revenue for investors earning tax credits eligible
5 for use against business and occupation taxes imposed under chapter
6 82.04 RCW. The tax credit certificate must include the credit-
7 eligible capital contribution amount, the name of the rural growth
8 fund, the unified business identifier number of the investor
9 (taxpayer), and the closing date of the rural growth fund.

10 (8) Tax credits may be transferred or allocated to an affiliate
11 of the taxpayer. Taxpayers must notify the department if they wish to
12 transfer or allocate a credit to an affiliate. The department will
13 verify the transfer is to an affiliate and then issue an amended tax
14 credit certificate to the taxpayer (transferor) and a new tax credit
15 certificate to the affiliate (transferee). The department must
16 provide the department of revenue and the office of the insurance
17 commissioner with a copy of the amended tax credit certificate of the
18 transferor and the new tax credit certificate of the transferee.

19 (9) If the rural growth fund fails to fully comply with
20 subsection (6) of this section, the rural growth fund's approval
21 lapses and the corresponding investment authority and credit-eligible
22 capital contributions under this subsection do not count toward the
23 limits on the program size prescribed by subsection (2) of this
24 section. The department must first award lapsed investment authority
25 pro rata to each rural growth fund that was awarded less than the
26 requested investment authority under subsection (2) of this section,
27 which a rural growth fund may allocate to its investors in its
28 discretion. Any remaining investment authority may be awarded by the
29 department to new applicants.

30 (10) Application fees submitted to the department under
31 subsection (1)(g) of this section must be deposited in the rural job
32 creation account created in section 5 of this act.

33 NEW SECTION. **Sec. 5.** RURAL JOB CREATION ACCOUNT. The rural job
34 creation account is created in the state treasury. All receipts from
35 application fees submitted to the department under section 4 of this
36 act must be deposited into the account. Moneys in the account may be
37 spent only after appropriation. Expenditures from the account may be
38 used by the department only for administering this chapter.

1 NEW SECTION. **Sec. 6.** RURAL GROWTH FUND TAX CREDITS ESTABLISHED.

2 (1) A tax credit is authorized against tax otherwise due under
3 chapter 48.14 RCW for persons that made a credit-eligible capital
4 contribution to a rural growth fund and were issued a tax credit
5 certificate under section 4 of this act.

6 (2) A taxpayer earns a credit on the closing date noted on the
7 taxpayer's tax credit certificate issued under section 4 of this act.
8 The credit is equal to the amount of the taxpayer's credit-eligible
9 capital contribution to the rural growth fund as specified on the tax
10 credit certificate.

11 (3) The taxpayer may claim up to one-third of the credit
12 authorized under this section for each of the calendar years that
13 includes the third through fifth anniversaries of the closing date
14 noted on the tax credit certificate, exclusive of amounts carried
15 forward from prior years.

16 (4) The amount claimed for a tax reporting period may not exceed
17 the amount of tax otherwise due under this chapter for that reporting
18 period. Unused credits may be carried forward until used, even if
19 claimed after the expiration date of this act. No refunds may be
20 granted for credits under this section.

21 (5) All persons claiming a credit under this section must file
22 electronically with the office of the insurance commissioner all
23 returns, other forms, or any other information as may be required by
24 the office of the insurance commissioner.

25 (6) A taxpayer claiming a credit under this section must submit a
26 copy of the tax credit certificate issued to the taxpayer under
27 section 4 of this act to the office of the insurance commissioner
28 when filing the first return in which the taxpayer will claim a
29 credit against taxes due under this chapter.

30 (7) The credit may not be transferred or allocated to any other
31 entity other than an affiliate subject to the insurance premium and
32 retaliatory taxes imposed under this chapter. The department must
33 provide the office of the insurance commissioner with a copy of the
34 amended tax credit certificate of the transferor and the new tax
35 credit certificate of the transferee. The office of the insurance
36 commissioner must disallow tax credits claimed by any transferee
37 other than an affiliate of the transferor.

38 (8) The department must notify the office of the insurance
39 commissioner if a tax credit certificate was revoked as provided in

1 section 7 of this act. Upon such notice, the office of the insurance
2 commissioner must:

3 (a) Provide written notice to the taxpayer or any affiliate to
4 which the credit was transferred that the credit was revoked by the
5 department;

6 (b) Include in the notice the amount of all credits previously
7 claimed and that such amount be paid in full within thirty days of
8 the date of the notice. If the taxpayer or the affiliate fails to pay
9 the amount in full by the due date in the notice or any extension
10 granted by the office of the insurance commissioner, the office of
11 the insurance commissioner must impose penalties and interest as
12 provided in this chapter; and

13 (c) Deny any further use of the tax credit certificate by the
14 taxpayer or any affiliate to which the credit was transferred.

15 (9) The definitions in section 3 of this act apply to this
16 section.

17 NEW SECTION. **Sec. 7.** REVOCATION OF TAX CREDIT CERTIFICATES AND
18 EXIT. (1) The department must revoke a tax credit certificate issued
19 under section 4 of this act if any of the following occur with
20 respect to a rural growth fund before it exits the program in
21 accordance with subsection (5) of this section:

22 (a) The rural growth fund in which the credit-eligible capital
23 contribution was made does not invest one hundred percent of its
24 investment authority in rural growth investments in this state within
25 two years of the closing date;

26 (b) The rural growth fund, after satisfying (a) of this
27 subsection, fails to maintain rural growth investments equal to one
28 hundred percent of its investment authority until the sixth
29 anniversary of the closing date. For the purposes of this subsection,
30 an investment is "maintained" even if the investment is sold or
31 repaid so long as the rural growth fund reinvests an amount equal to
32 the capital returned or recovered by the fund from the original
33 investment, exclusive of any profits realized, in other rural growth
34 investments in this state within twelve months of the receipt of such
35 capital. Amounts received periodically by a rural growth fund must be
36 treated as continually invested in rural growth investments if the
37 amounts are reinvested in one or more rural growth investments by the
38 end of the following calendar year. A rural growth fund is not
39 required to reinvest capital returned from rural growth investments

1 after the fifth anniversary of the closing date, and such rural
2 growth investments must be considered held continuously by the rural
3 growth fund through the sixth anniversary of the closing date;

4 (c) The rural growth fund, before exiting the program in
5 accordance with subsection (4) of this section, makes a distribution
6 or payment that results in the rural growth fund having less than one
7 hundred percent of its investment authority invested in rural growth
8 investments in this state or available for investment in rural growth
9 investments and held in cash and other marketable securities;

10 (d) The rural growth fund invests more than the greater of five
11 million dollars or twenty percent of its investment authority in the
12 same rural business concern, including amounts invested in affiliates
13 of the rural business concern; or

14 (e) The rural growth fund makes a rural growth investment in a
15 rural business concern that directly or indirectly through an
16 affiliate owns, has the right to acquire an ownership interest, makes
17 a loan to, or makes an investment in the rural growth fund, an
18 affiliate of the rural growth fund, or an investor in the rural
19 growth fund. This subsection does not apply to investments in
20 publicly traded securities by a rural business concern or an owner or
21 affiliate of such concern. For purposes of this subsection, a rural
22 growth fund will not be considered an affiliate of a rural business
23 concern solely as a result of its rural growth investment.

24 (2) Before revoking one or more tax credit certificates under
25 this subsection, the department must notify the rural growth fund of
26 the reasons for the pending revocation. The rural growth fund has
27 ninety days from the date the notice was dispatched to correct any
28 violation outlined in the notice to the satisfaction of the
29 department and avoid revocation of the tax credit certificate.

30 (3) If tax credit certificates are revoked under this section,
31 the associated investment authority and credit-eligible capital
32 contributions do not count toward the limit on total investment
33 authority and credit-eligible capital contributions described by
34 section 4(2) of this act. The department must first award reverted
35 authority pro rata to each rural growth fund that was awarded less
36 than the requested investment authority under section 4(5) of this
37 act. The department may award any remaining investment authority to
38 new applicants.

39 (4) On or after the sixth anniversary of the closing date, a
40 rural growth fund may apply to the department to exit the program and

1 no longer be subject to regulation under this chapter. The department
2 must respond to the application within thirty days of receipt. In
3 evaluating the application, the fact that no tax credit certificates
4 have been revoked and that the rural growth fund has not received a
5 notice of revocation that has not been cured under subsection (2) of
6 this section is sufficient evidence to prove that the rural growth
7 fund is eligible for exit. The department may not unreasonably deny
8 an application submitted under this subsection. If the application is
9 denied, the notice must include the reasons for the determination.
10 The department must notify the office of the insurance commissioner
11 or the department of revenue when a rural growth fund exits the
12 program.

13 (5) The department may not revoke a tax credit certificate after
14 a rural growth fund exits the program.

15 (6)(a) The state must share in all distributions and payments to
16 equity holders in the rural growth fund in excess of the sum of the
17 amount of equity capital invested in the fund by such equity holder
18 and an amount equal to any projected increase in the equity holder's
19 federal or state tax liability, including penalties and interest,
20 related to the equity holder's ownership, management, or operation of
21 the fund in the following amounts:

22 (i) If the number of jobs created or retained as a result of the
23 rural growth fund's rural growth investments is less than sixty
24 percent of the amount filed as part of the rural growth fund's
25 application, sixty percent; and

26 (ii) If the number of jobs created or retained as a result of the
27 rural growth fund's rural growth investments is less than eighty
28 percent but more than sixty percent of the amount filed as part of
29 the rural growth fund's application, thirty percent.

30 (b) In measuring jobs created and retained as a result of the
31 rural growth fund's rural growth investments, the department must
32 prorate the number of jobs set forth in the rural growth fund's
33 business plan based upon the amount of investment authority requested
34 in the rural growth fund's application.

35 NEW SECTION. **Sec. 8.** REQUEST FOR DETERMINATION. A rural growth
36 fund, before making a rural growth investment, may request from the
37 department a written opinion as to whether the business in which it
38 proposed to invest is a rural business concern. The department, not
39 later than the fifteenth business day after the date of receipt of

1 the request, must notify the rural growth fund of its determination.
2 If the department fails to notify the rural growth fund by the
3 fifteenth business day of its determination, the business in which
4 the rural growth fund proposes to invest must be considered a rural
5 business concern.

6 NEW SECTION. **Sec. 9.** REPORTING OBLIGATIONS. (1) Each rural
7 growth fund must submit a report to the department on or before the
8 fifth business day after the second anniversary of the closing date
9 and thereafter within forty-five days of the end of the calendar year
10 including any year that the rural growth fund has not exited the
11 program in accordance with section 7(4) of this act. The report must
12 provide documentation as to the rural growth fund's rural growth
13 investments and include:

- 14 (a) A bank statement evidencing each rural growth investment;
- 15 (b) The name, location of principal business operations, and
16 industry NAICS code of each business receiving a rural growth
17 investment, including either the determination letter set forth in
18 section 8 of this act or evidence that the business qualified as a
19 rural business concern at the time the investment was made;
- 20 (c) The number of employment positions created or retained as a
21 result of the rural growth fund's rural growth investments as of the
22 last day of the preceding calendar year and the assumptions used to
23 determine the number of employment positions;
- 24 (d) The average annual salary of the positions described in (c)
25 of this subsection; and
- 26 (e) Any other information required by the department.

27 (2) The department must consult with staff of the joint
28 legislative audit and review committee when developing the specific
29 format and questions included in the accountability report to ensure
30 it provides the information needed for performance evaluations under
31 chapter 43.136 RCW.

32 NEW SECTION. **Sec. 10.** RULE-MAKING AUTHORITY. The department may
33 adopt rules as necessary to implement this chapter.

34 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.04
35 RCW to read as follows:

36 BUSINESS AND OCCUPATION TAX CREDIT ESTABLISHED. (1) A tax credit
37 is authorized against tax otherwise due under this chapter for

1 persons that made a credit-eligible capital contribution to a rural
2 growth fund and were issued a tax credit certificate under section 4
3 of this act.

4 (2) A taxpayer earns a credit on the closing date noted on the
5 taxpayer's tax credit certificate issued under section 4 of this act.
6 The credit is equal to the amount of the taxpayer's credit-eligible
7 capital contribution to the rural growth fund as specified on the tax
8 credit certificate.

9 (3) The taxpayer may claim up to one-third of the credit
10 authorized under this section for each of the calendar years that
11 includes the third through fifth anniversaries of the closing date
12 noted on the tax credit certificate, exclusive of amounts carried
13 forward from prior years.

14 (4) The amount claimed for a tax reporting period may not exceed
15 the amount of tax otherwise due under this chapter for that reporting
16 period. Unused credits may be carried forward until used, even if
17 claimed after the expiration date of this act. No refunds may be
18 granted for credits under this section.

19 (5) All persons claiming a credit under this section must file
20 electronically with the department all returns, other forms, or any
21 other information as may be required by the department.

22 (6) A taxpayer claiming a credit under this section must submit a
23 copy of the tax credit certificate issued to the taxpayer under
24 section 4 of this act to the department when filing the first return
25 in which the taxpayer will claim a credit against taxes due under
26 this chapter.

27 (7) The credit may not be transferred or allocated to any other
28 entity other than an affiliate subject to the business and occupation
29 taxes imposed under this chapter. The department of commerce must
30 provide the department with a copy of the amended tax credit
31 certificate of the transferor and the new tax credit certificate of
32 the transferee. The department must disallow tax credits claimed by
33 any transferee other than an affiliate of the transferor.

34 (8) The department of commerce must notify the department if a
35 tax credit certificate was revoked as provided in section 7 of this
36 act. Upon such notice, the department must:

37 (a) Provide written notice to the taxpayer or any affiliate to
38 which the credit was transferred that the credit was revoked by the
39 department;

1 (b) Include in the notice the amount of all credits previously
2 claimed and that such amount be paid in full within thirty days of
3 the date of the notice. If the taxpayer or the affiliate fails to pay
4 the amount in full by the due date in the notice or any extension
5 granted by the department, the department must impose penalties and
6 interest as provided under chapter 82.32 RCW; and

7 (c) Deny any further use of the tax credit certificate by the
8 taxpayer or any affiliate to which the credit was transferred.

9 (9) A taxpayer claiming the tax credit against taxes due under
10 this chapter must file a complete annual survey with the department
11 under RCW 82.32.585.

12 NEW SECTION. **Sec. 12.** Sections 1 through 10 of this act
13 constitute a new chapter in Title 43 RCW.

14 NEW SECTION. **Sec. 13.** (1) This act expires July 1, 2023, unless
15 the joint legislative audit and review committee finds under section
16 1 of this act that the aggregate number of jobs created or retained,
17 as a result of the new tax preferences established in sections 7 and
18 11, chapter . . ., Laws of 2017 (sections 7 and 11 of this act),
19 matches or exceeds the aggregate number of jobs set forth in the
20 business plans of approved rural growth funds, pro rata based upon
21 the amount of investment authority awarded to each rural growth fund
22 pursuant to each application, in the six years following enactment of
23 the tax preferences in sections 7 and 11, chapter . . ., Laws of 2017
24 (sections 7 and 11 of this act).

25 (2) The joint legislative audit and review committee must provide
26 notice of the expiration date of this section to affected parties,
27 the chief clerk of the house of representatives, the secretary of the
28 senate, the office of the code reviser, and others as deemed
29 appropriate by the department.

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