**5116-S2.E AMH DEBO H2902.1 - NOT FOR FLOOR USE**

**E2SSB 5116** - H AMD TO APP COMM AMD (H-2810.1/19) **609**

By Representative DeBolt

**WITHDRAWN 04/11/2019**

On page 46, after line 19, insert the following:

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

(1) A person who is subject to tax under this chapter on gross income from sales of natural or manufactured gas, timber, timber products, wood products, or agricultural products, or an energy-intensive trade-exposed business, is allowed a credit against the tax due under this chapter for forest fire risk reduction activities, as provided in this section. The credit equals fifteen dollars multiplied by the forest fire risk reduction factor, as determined by this section.

(2) Credits are available on a first-in-time basis. The department must keep a running total of all credits allowed under this section and section 21 of this act during each fiscal year. The department may not allow credits that would cause the total credits taken under this section and section 21 of this act to exceed eight million three hundred thousand dollars in any fiscal year. If all or part of a claim for credit is disallowed under this subsection, the disallowed portion is carried over to the next fiscal year. However, the carryover into the next fiscal year is only permitted to the extent that the limit on total credits for the next fiscal year is not exceeded. Priority must be given to credits carried over from a previous fiscal year. The department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of notice. The department may not assess penalties or interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(3) The credit allowed under this section may be used against any tax due under this chapter, and may be carried over until used, except as provided in subsection (2) of this section. No refunds may be granted for credits under this section.

(4) Credits earned under this section may be claimed only on returns filed electronically with the department using the department's online tax filing service or other method of electronic reporting as the department may authorize. No application is required to claim the credit, but the taxpayer must keep records necessary for the department to determine eligibility under this section.

(5) No person may claim a credit against taxes due under both this chapter and chapter 82.16 RCW for the same forest fire risk reduction activity.

(6) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Energy-intensive trade-exposed business" means a business that has a primary North American industry classification system (NAICS) code included in the following list:

(i) 311411: Frozen fruit, juice, and vegetable manufacturing;

(ii) 311423: Dried and dehydrated food manufacturing;

(iii) 311611: Animal (except poultry) slaughtering;

(iv) 322110: Pulp mills;

(v) 322121: Paper (except newsprint) mills;

(vi) 322122: Newsprint mills;

(vii) 322130: Paperboard mills;

(viii) 325188: All other basic inorganic chemical manufacturing;

(ix) 325199: All other basic organic chemical manufacturing;

(x) 325311: Nitrogenous fertilizer manufacturing;

(xi) 327211: Flat glass manufacturing;

(xii) 327213: Glass container manufacturing;

(xiii) 327310: Cement manufacturing;

(xiv) 327410: Lime manufacturing;

(xv) 327420: Gypsum product manufacturing;

(xvi) 327992: Ultra high purity silicon manufacturing;

(xvii) 331111: Iron and steel mills;

(xviii) 331312: Primary aluminum production;

(xix) 331315: Aluminum sheet, plate, and foil manufacturing;

(xx) 331419: Primary smelting and refining of nonferrous metal (except copper and aluminum);

(xxi) 334413: Semiconductor and related device manufacturing;

(xxii) 336411: Aircraft manufacturing;

(xxiii) 336413: Other aircraft parts and auxiliary equipment manufacturing.

(b) "Forest fire risk reduction factor" means the percentage of risk reduced by engaging in a forest management, fuel treatment practice, or other forest fire risk reduction activity as determined by the department of natural resources in consultation with the Washington forest protection association and the Washington friends of farms and forests.

(7) For the purposes of this section, "timber," "timber products," and "wood products" have the same meanings as provided in RCW 82.04.260.

(8) Credits allowed under this section can be earned for tax reporting periods through June 30, 2029. No credits can be claimed after June 30, 2030.

NEW SECTION. **Sec.**  A new section is added to chapter 82.16 RCW to read as follows:

(1) A person who is subject to tax under this chapter for sales of natural or manufactured gas or sales of electricity is allowed a credit against the tax due under this chapter for forest fire risk reduction activities, as provided in this section. The credit equals fifteen dollars multiplied by the forest fire risk reduction factor, as determined by this section.

(2) Credits are available on a first-in-time basis. The department must keep a running total of all credits allowed under this section and section 20 of this act during each fiscal year. The department may not allow credits that would cause the total credits taken under this section and section 20 of this act to exceed eight million three hundred thousand dollars in any fiscal year. If all or part of a claim for credit is disallowed under this subsection, the disallowed portion is carried over to the next fiscal year. However, the carryover into the next fiscal year is only permitted to the extent that the limit on total credits for the next fiscal year is not exceeded. Priority must be given to credits carried over from a previous fiscal year. The department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of notice. The department may not assess penalties or interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(3) The credit allowed under this section may be used against any tax due under this chapter, and may be carried over until used, except as provided in subsection (2) of this section. No refunds may be granted for credits under this section.

(4) Credits earned under this section may be claimed only on returns filed electronically with the department using the department's online tax filing service or other method of electronic reporting as the department may authorize. No application is required to claim the credit, but the taxpayer must keep records necessary for the department to determine eligibility under this section.

(5) No person may claim a credit against taxes due under both this chapter and chapter 82.04 RCW for the same forest fire risk reduction activity.

(6) The definitions in section 20 of this act apply throughout this section.

(7) Credits allowed under this section can be earned for tax reporting periods through June 30, 2029. No credits can be claimed after June 30, 2030."

Renumber the remaining sections consecutively, correct any internal references accordingly, and correct the title.

EFFECT: Establishes a business and occupation (B&O) tax or public utility tax (PUT) credit for forest fire risk reduction activities equal to $15 multiplied by the forest fire risk reduction factor. Caps the combined amount of B&O tax and PUT credit available statewide at $8.3 million in any fiscal year. Expires the B&O tax and PUT credit by June 30, 2030.