

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

WITHDRAWN 04/11/2019

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

2 "NEW SECTION. **Sec. 20.** A new section is added to chapter 82.04
3 RCW to read as follows:

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

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

31 (3) The credit allowed under this section may be used against any
32 tax due under this chapter, and may be carried over until used,

1 except as provided in subsection (2) of this section. No refunds may
2 be granted for credits under this section.

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

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

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

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

- 17 (i) 311411: Frozen fruit, juice, and vegetable manufacturing;
- 18 (ii) 311423: Dried and dehydrated food manufacturing;
- 19 (iii) 311611: Animal (except poultry) slaughtering;
- 20 (iv) 322110: Pulp mills;
- 21 (v) 322121: Paper (except newsprint) mills;
- 22 (vi) 322122: Newsprint mills;
- 23 (vii) 322130: Paperboard mills;
- 24 (viii) 325188: All other basic inorganic chemical manufacturing;
- 25 (ix) 325199: All other basic organic chemical manufacturing;
- 26 (x) 325311: Nitrogenous fertilizer manufacturing;
- 27 (xi) 327211: Flat glass manufacturing;
- 28 (xii) 327213: Glass container manufacturing;
- 29 (xiii) 327310: Cement manufacturing;
- 30 (xiv) 327410: Lime manufacturing;
- 31 (xv) 327420: Gypsum product manufacturing;
- 32 (xvi) 327992: Ultra high purity silicon manufacturing;
- 33 (xvii) 331111: Iron and steel mills;
- 34 (xviii) 331312: Primary aluminum production;
- 35 (xix) 331315: Aluminum sheet, plate, and foil manufacturing;
- 36 (xx) 331419: Primary smelting and refining of nonferrous metal
37 (except copper and aluminum);
- 38 (xxi) 334413: Semiconductor and related device manufacturing;
- 39 (xxii) 336411: Aircraft manufacturing;

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

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

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

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

15 NEW SECTION. **Sec. 21.** A new section is added to chapter 82.16
16 RCW to read as follows:

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

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

1 if the amount due is paid by the due date specified in the notice, or
2 any extension thereof.

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

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

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

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

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

21 Renumber the remaining sections consecutively, correct any
22 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.

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