

ESB 5901 - H COMM AMD
By Committee on Finance

ADOPTED 03/09/2022

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I

4 **CREATING A SALES AND USE TAX DEFERRAL PROGRAM TO INCENTIVIZE**
5 **MANUFACTURING AND RESEARCH AND DEVELOPMENT ACTIVITIES IN CERTAIN**
6 **DESIGNATED COUNTIES**

7 NEW SECTION. **Sec. 101.** (1) The legislature finds that there are
8 counties in the state that face additional economic development
9 challenges beyond the challenges faced by counties located in the
10 central Puget Sound region. The legislature further finds that these
11 regions do not experience the same degree of job growth and
12 investment. The legislature further finds that, in some areas,
13 increased economic development incentives are needed to help support
14 economic growth and that a one-size-fits-all approach to economic
15 development does not work for the diversity of the statewide economy.
16 For these reasons, the legislature intends to establish a tax
17 deferral program to be effective solely in certain targeted counties.
18 The legislature declares that this limited program serves the vital
19 public purpose of creating employment opportunities and generally
20 spurring economic development in these counties of the state.

21 (2) The legislature also finds that this act is consistent with
22 the Substitute House Bill No. 1170, the Washington BEST manufacturing
23 act, enacted in 2021. The 2021 Washington BEST manufacturing act
24 recognized that the state must retain and build on its leadership in
25 the manufacturing and research and development sectors and also
26 recognized that a thriving manufacturing and research sector are
27 complimentary and should be promoted in every region of the state.
28 Therefore, the legislature further finds the sales and use tax
29 deferral program for manufacturing and research and development in
30 this act is a critical tool and strategy to help achieve the goals
31 expressed in the Washington BEST manufacturing act of doubling the

1 state's manufacturing employment base, the number of small
2 businesses, and the number of women and minority-owned manufacturing
3 businesses in the next 10 years.

4 NEW SECTION. **Sec. 102.** Unless the context clearly requires
5 otherwise, the definitions in this section apply throughout this
6 chapter.

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

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

10 (3) "Eligible area" means a qualifying county.

11 (4)(a) "Eligible investment project" means an investment project
12 that is located, as of the date the application required by section
13 103 of this act is received by the department, in an eligible area as
14 defined in subsection (3) of this section.

15 (b) "Eligible investment project" does not include any portion of
16 an investment project undertaken by a light and power business as
17 defined in RCW 82.16.010(4), other than that portion of a
18 cogeneration project that is used to generate power for consumption
19 within the manufacturing site of which the cogeneration project is an
20 integral part, or investment projects that have already received
21 deferrals under this chapter.

22 (5)(a) "Initiation of construction" means the date that a
23 building permit is issued under the building code adopted under RCW
24 19.27.031 for:

25 (i) Construction of the qualified building, if the underlying
26 ownership of the building vests exclusively with the person receiving
27 the economic benefit of the deferral;

28 (ii) Construction of the qualified building, if the economic
29 benefits of the deferral are passed to a lessee as provided in RCW
30 82.60.025; or

31 (iii) Tenant improvements for a qualified building, if the
32 economic benefits of the deferral are passed to a lessee as provided
33 in RCW 82.60.025.

34 (b) "Initiation of construction" does not include soil testing,
35 site clearing and grading, site preparation, or any other related
36 activities that are initiated before the issuance of a building
37 permit for the construction of the foundation of the building.

38 (c) If the eligible investment project is a phased project,
39 "initiation of construction" applies separately to each phase.

1 (6) "Investment project" means an investment in qualified
2 buildings or qualified machinery and equipment, including labor and
3 services rendered in the planning, installation, and construction of
4 the project.

5 (7) "Manufacturing" means the same as defined in RCW 82.04.120.
6 "Manufacturing" also includes:

7 (a) The activities performed by research and development
8 laboratories and commercial testing laboratories; and

9 (b) The conditioning of vegetable seeds.

10 (8) "Meaningful construction" means an active construction site,
11 where excavation of a building site, laying of a building foundation,
12 or other tangible signs of construction are taking place and that
13 clearly show a progression in the construction process at the
14 location designated by the taxpayer in the application for deferral.
15 Planning, permitting, or land clearing before excavation of the
16 building site, without more, does not constitute "meaningful
17 construction."

18 (9) "Person" has the meaning given in RCW 82.04.030.

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

31 (11) "Qualified machinery and equipment" means all new industrial
32 and research fixtures, equipment, and support facilities that are an
33 integral and necessary part of a manufacturing or research and
34 development operation. "Qualified machinery and equipment" includes:
35 Computers; software; data processing equipment; laboratory equipment;
36 manufacturing components such as belts, pulleys, shafts, and moving
37 parts; molds, tools, and dies; operating structures; and all
38 equipment used to control or operate the machinery.

1 (12) "Qualifying county" means a county that has a population
2 less than 650,000 at the time an application is submitted under
3 section 103 of this act.

4 (13) "Recipient" means a person receiving a tax deferral under
5 this chapter.

6 (14) "Research and development" means the development,
7 refinement, testing, marketing, and commercialization of a product,
8 service, or process before commercial sales have begun, but only when
9 such activities are intended to ultimately result in the production
10 of a new, different, or useful substance or article of tangible
11 personal property for sale. As used in this subsection, "commercial
12 sales" excludes sales of prototypes or sales for market testing if
13 the total gross receipts from such sales of the product, service, or
14 process do not exceed \$1,000,000.

15 NEW SECTION. **Sec. 103.** (1) Application for deferral of taxes
16 under this chapter must be made before initiation of the construction
17 of the investment project or acquisition of equipment or machinery.
18 The application must be made to the department in a form and manner
19 prescribed by the department. The application must contain
20 information regarding the location of the investment project, the
21 applicant's average employment in the state for the prior year,
22 estimated or actual new employment related to the project, estimated
23 or actual wages of employees related to the project, estimated or
24 actual costs, time schedules for completion and operation, and other
25 information required by the department. The department must rule on
26 the application within 60 days.

27 (2) The department may not accept applications for the deferral
28 under this chapter after June 30, 2032.

29 (3) This section expires July 1, 2032.

30 NEW SECTION. **Sec. 104.** (1) The department must issue a sales
31 and use tax deferral certificate for state and local sales and use
32 taxes due under chapters 82.08, 82.12, and 82.14 RCW on each eligible
33 investment project.

34 (2) The department must keep a running total of all deferrals
35 granted under this chapter during each fiscal biennium. The amount of
36 state and local sales and use taxes eligible for deferral under this
37 chapter is limited to \$400,000 per person.

38 (3) This section expires July 1, 2032.

1 NEW SECTION. **Sec. 105.** (1) The recipient of a deferral
2 certificate under section 104 of this act must begin meaningful
3 construction on an eligible investment project within two years of
4 receiving a deferral certificate, unless construction was delayed due
5 to circumstances beyond the recipient's control. Lack of funding is
6 not considered a circumstance beyond the recipient's control.

7 (2) If the recipient does not begin meaningful construction on an
8 eligible investment project within two years of receiving a deferral
9 certificate, the deferral certificate issued under section 104 of
10 this act is invalid and taxes deferred under this chapter are due
11 immediately.

12 NEW SECTION. **Sec. 106.** (1)(a) Each recipient of a deferral of
13 taxes granted under this chapter must file a complete annual tax
14 performance report with the department under RCW 82.32.534 during the
15 period covered by the schedule under subsection (2) of this section.
16 If the economic benefits of the deferral are passed to a lessee as
17 provided in section 108 of this act, the lessee must file a complete
18 annual tax performance report, and the applicant is not required to
19 file a complete annual tax performance report.

20 (b) The joint legislative audit and review committee, as part of
21 its tax preference review process under chapter 43.136 RCW, must use
22 the information reported on the annual tax performance report
23 required by this section to study the tax deferral program authorized
24 under this chapter. The committee must report to the legislature by
25 December 1, 2030. The report must measure the effect of the program
26 on job creation, the number of jobs created for residents of eligible
27 areas, company growth, and such other factors as the committee
28 selects.

29 (2)(a) Except as otherwise provided in this chapter, taxes
30 deferred under this chapter need not be repaid.

31 (b) If the investment project is not operationally complete
32 within five calendar years from the issuance of the tax deferral
33 certificate, or if, on the basis of the tax performance report under
34 RCW 82.32.534 or other information, the department finds that an
35 investment project is used for purposes other than a qualified
36 manufacturing or research and development operation at any time
37 during the calendar year in which the investment project is certified
38 by the department as having been operationally completed, or at any
39 time during any of the seven succeeding calendar years, a portion of

1 deferred taxes is immediately due according to the following
2 schedule:

3	Year in which	% of deferred taxes due
4	use occurs	
5	1	100%
6	2	87.5%
7	3	75%
8	4	62.5%
9	5	50%
10	6	37.5%
11	7	25%
12	8	12.5%

13 (c) If the economic benefits of the deferral are passed to a
14 lessee as provided in section 108 of this act, the lessee is
15 responsible for payment to the extent the lessee has received the
16 economic benefit.

17 (3) A recipient who must repay deferred taxes under this section
18 because the department has found that an investment project is not
19 eligible for tax deferral under this chapter is no longer required to
20 file annual tax performance reports under RCW 82.32.534 beginning on
21 the date an investment project is used for nonqualifying purposes.

22 (4) The department must assess interest at the rate provided for
23 delinquent taxes, but not penalties, retroactively to the date of
24 deferral for a recipient who must repay deferred taxes under this
25 section because the department has found that an investment project
26 is not eligible for tax deferral. The debt for deferred taxes will
27 not be extinguished by insolvency or other failure of the recipient.
28 Transfer of ownership does not terminate the deferral. The deferral
29 is transferred, subject to the successor meeting the eligibility
30 requirements of this chapter, for the remaining periods of the
31 deferral.

32 (5) Notwithstanding any other provision of this section or RCW
33 82.32.534, deferred taxes on the following need not be repaid:

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

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

3 NEW SECTION. **Sec. 107.** The department must establish a list of
4 qualifying counties, effective July 1, 2022. The list of qualifying
5 counties is effective for a 24-month period and must be updated by
6 July 1st of the year that is two calendar years after the list was
7 established or last updated, as the case may be.

8 NEW SECTION. **Sec. 108.** The lessor or owner of a qualified
9 building is not eligible for a deferral unless:

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

12 (2) (a) The lessor by written contract agrees to pass the economic
13 benefit of the deferral to the lessee;

14 (b) The lessee that receives the economic benefit of the deferral
15 agrees in writing with the department to complete the annual tax
16 performance report required under section 106 of this act; and

17 (c) The economic benefit of the deferral passed to the lessee is
18 no less than the amount of tax deferred by the lessor and is
19 evidenced by written documentation of any type of payment, credit, or
20 other financial arrangement between the lessor or owner of the
21 qualified building and the lessee.

22 NEW SECTION. **Sec. 109.** Chapter 82.32 RCW applies to the
23 administration of this chapter.

24 NEW SECTION. **Sec. 110.** Applications, reports, and any other
25 information received by the department under this chapter, except
26 applications not approved by the department, are not confidential and
27 are subject to disclosure.

28 **PART II**

29 **MODIFYING THE SALES AND USE TAX EXEMPTION FOR WAREHOUSES,**
30 **DISTRIBUTION CENTERS, AND GRAIN ELEVATORS**

31 **Sec. 201.** RCW 82.08.820 and 2014 c 140 s 23 are each amended to
32 read as follows:

33 (1) Wholesalers or third-party warehouse operators who own or operate
34 warehouses or grain elevators and retailers who own or operate

1 distribution centers, and who have paid the tax levied by RCW
2 82.08.020 on:

3 (a) Material-handling and racking equipment, and labor and
4 services rendered in respect to installing, repairing, cleaning,
5 altering, or improving the equipment; or

6 (b) Construction of a warehouse or grain elevator, including
7 materials, and including service and labor costs,
8 are eligible for an exemption in the form of a remittance. The amount
9 of the remittance is computed under subsection (3) of this section
10 and is based on the state share of sales tax.

11 (2) For purposes of this section and RCW 82.12.820:

12 (a) "Agricultural products" has the meaning given in RCW
13 82.04.213;

14 (b) (i) "Construction" means the actual construction of a
15 warehouse or grain elevator that did not exist before the
16 construction began. (~~"Construction"~~) Except as provided in (b) (ii)
17 of this subsection, "construction" includes expansion if the
18 expansion adds at least two hundred thousand square feet of
19 additional space to an existing warehouse or additional storage
20 capacity of at least one million bushels to an existing grain
21 elevator. "Construction" does not include renovation, remodeling, or
22 repair;

23 (ii) For an existing warehouse located in a qualifying county,
24 "construction" includes expansion if the expansion adds at least
25 100,000 square feet of additional space to an existing warehouse;

26 (c) "Department" means the department of revenue;

27 (d) "Distribution center" means a warehouse that is used
28 exclusively by a retailer solely for the storage and distribution of
29 finished goods to retail outlets of the retailer. "Distribution
30 center" does not include a warehouse at which retail sales occur;

31 (e) "Finished goods" means tangible personal property intended
32 for sale by a retailer or wholesaler. "Finished goods" does not
33 include:

34 (i) Agricultural products stored by wholesalers, third-party
35 warehouses, or retailers if the storage takes place on the land of
36 the person who produced the agricultural product;

37 (ii) Logs, minerals, petroleum, gas, or other extracted products
38 stored as raw materials or in bulk; or

39 (iii) Marijuana, useable marijuana, or marijuana-infused
40 products;

1 (f) "Grain elevator" means a structure used for storage and
2 handling of grain in bulk;

3 (g) "Material-handling equipment and racking equipment" means
4 equipment in a warehouse or grain elevator that is primarily used to
5 handle, store, organize, convey, package, or repackage finished
6 goods. The term includes tangible personal property with a useful
7 life of one year or more that becomes an ingredient or component of
8 the equipment, including repair and replacement parts. The term does
9 not include equipment in offices, lunchrooms, restrooms, and other
10 like space, within a warehouse or grain elevator, or equipment used
11 for nonwarehousing purposes. "Material-handling equipment" includes
12 but is not limited to: Conveyers, carousels, lifts, positioners,
13 pick-up-and-place units, cranes, hoists, mechanical arms, and robots;
14 mechanized systems, including containers that are an integral part of
15 the system, whose purpose is to lift or move tangible personal
16 property; and automated handling, storage, and retrieval systems,
17 including computers that control them, whose purpose is to lift or
18 move tangible personal property; and forklifts and other off-the-road
19 vehicles that are used to lift or move tangible personal property and
20 that cannot be operated legally on roads and streets. "Racking
21 equipment" includes, but is not limited to, conveying systems,
22 chutes, shelves, racks, bins, drawers, pallets, and other containers
23 and storage devices that form a necessary part of the storage system;

24 (h) "Person" has the meaning given in RCW 82.04.030;

25 (i) "Retailer" means a person who makes "sales at retail" as
26 defined in chapter 82.04 RCW of tangible personal property;

27 (j) "Square footage" means the product of the two horizontal
28 dimensions of each floor of a specific warehouse. The entire
29 footprint of the warehouse must be measured in calculating the square
30 footage, including space that juts out from the building profile such
31 as loading docks. "Square footage" does not mean the aggregate of the
32 square footage of more than one warehouse at a location or the
33 aggregate of the square footage of warehouses at more than one
34 location;

35 (k) "Third-party warehouser" means a person taxable under RCW
36 82.04.280(1)(d);

37 (l) "Qualifying county" means a county that has a population less
38 than 650,000 at the time an application is submitted under this
39 section and RCW 82.12.820;

1 (m) "Warehouse" means an enclosed building or structure in which
2 finished goods are stored. A warehouse building or structure may have
3 more than one storage room and more than one floor. Office space,
4 lunchrooms, restrooms, and other space within the warehouse and
5 necessary for the operation of the warehouse are considered part of
6 the warehouse as are loading docks and other such space attached to
7 the building and used for handling of finished goods. Landscaping and
8 parking lots are not considered part of the warehouse. A storage yard
9 is not a warehouse, nor is a building in which manufacturing takes
10 place; and

11 ~~((m))~~ (n) "Wholesaler" means a person who makes "sales at
12 wholesale" as defined in chapter 82.04 RCW of tangible personal
13 property, but "wholesaler" does not include a person who makes sales
14 exempt under RCW 82.04.330.

15 (3) (a) A person claiming an exemption from state tax in the form
16 of a remittance under this section must pay the tax imposed by RCW
17 82.08.020. The buyer may then apply to the department for remittance
18 of all or part of the tax paid under RCW 82.08.020. For grain
19 elevators with bushel capacity of one million but less than two
20 million, the remittance is equal to fifty percent of the amount of
21 tax paid. ~~((Før))~~ Except as provided under (d) of this subsection,
22 for warehouses with square footage of two hundred thousand or more
23 and for grain elevators with bushel capacity of two million or more,
24 the remittance is equal to one hundred percent of the amount of tax
25 paid for qualifying construction, materials, service, and labor, and
26 fifty percent of the amount of tax paid for qualifying material-
27 handling equipment and racking equipment, and labor and services
28 rendered in respect to installing, repairing, cleaning, altering, or
29 improving the equipment. The maximum amount of tax that may be
30 remitted under this section and RCW 82.12.820 for the construction or
31 expansion of a warehouse or grain elevator is \$400,000.

32 (b) The department must determine eligibility under this section
33 based on information provided by the buyer and through audit and
34 other administrative records. The buyer must on a quarterly basis
35 submit an information sheet, in a form and manner as required by the
36 department by rule, specifying the amount of exempted tax claimed and
37 the qualifying purchases or acquisitions for which the exemption is
38 claimed. The buyer must retain, in adequate detail to enable the
39 department to determine whether the equipment or construction meets
40 the criteria under this section: Invoices; proof of tax paid;

1 documents describing the material-handling equipment and racking
2 equipment; location and size of warehouses and grain elevators; and
3 construction invoices and documents.

4 (c) The department must on a quarterly basis remit exempted
5 amounts to qualifying persons who submitted applications during the
6 previous quarter.

7 (d) For warehouses located in a qualifying county, the square
8 footage requirement is 100,000 square feet or more.

9 (4) Warehouses, grain elevators, and material-handling equipment
10 and racking equipment for which an exemption, credit, or deferral has
11 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
12 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
13 under this section. Warehouses and grain elevators upon which
14 construction was initiated before May 20, 1997, are not eligible for
15 a remittance under this section.

16 (5) The lessor or owner of a warehouse or grain elevator is not
17 eligible for a remittance under this section unless the underlying
18 ownership of the warehouse or grain elevator and the material-
19 handling equipment and racking equipment vests exclusively in the
20 same person, or unless the lessor by written contract agrees to pass
21 the economic benefit of the remittance to the lessee in the form of
22 reduced rent payments.

23 (6) This section expires July 1, 2032.

24 **Sec. 202.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to
25 read as follows:

26 (1) Wholesalers or third-party warehouse owners who own or operate
27 warehouses or grain elevators, and retailers who own or operate
28 distribution centers, and who have paid the tax levied under RCW
29 82.12.020 on:

30 (a) Material-handling equipment and racking equipment and labor
31 and services rendered in respect to installing, repairing, cleaning,
32 altering, or improving the equipment; or

33 (b) Materials incorporated in the construction of a warehouse or
34 grain elevator, are eligible for an exemption on tax paid in the form
35 of a remittance or credit against tax owed. The amount of the
36 remittance or credit is computed under subsection (2) of this section
37 and is based on the state share of use tax.

38 (2)(a) A person claiming an exemption from state tax in the form
39 of a remittance under this section must pay the tax imposed by RCW

1 82.12.020 to the department. The person may then apply to the
2 department for remittance of all or part of the tax paid under RCW
3 82.12.020. For grain elevators with bushel capacity of one million
4 but less than two million, the remittance is equal to fifty percent
5 of the amount of tax paid. (~~For~~) Except as provided under (d) of
6 this subsection, for warehouses with square footage of two hundred
7 thousand or more and for grain elevators with bushel capacity of two
8 million or more, the remittance is equal to one hundred percent of
9 the amount of tax paid for qualifying construction materials, and
10 fifty percent of the amount of tax paid for qualifying material-
11 handling equipment and racking equipment. The maximum amount of tax
12 that may be remitted under this section and RCW 82.08.820 for the
13 construction or expansion of a warehouse or grain elevator is
14 \$400,000.

15 (b) The department shall determine eligibility under this section
16 based on information provided by the buyer and through audit and
17 other administrative records. The buyer shall on a quarterly basis
18 submit an information sheet, in a form and manner as required by the
19 department by rule, specifying the amount of exempted tax claimed and
20 the qualifying purchases or acquisitions for which the exemption is
21 claimed. The buyer shall retain, in adequate detail to enable the
22 department to determine whether the equipment or construction meets
23 the criteria under this section: Invoices; proof of tax paid;
24 documents describing the material-handling equipment and racking
25 equipment; location and size of warehouses, if applicable; and
26 construction invoices and documents.

27 (c) The department shall on a quarterly basis remit or credit
28 exempted amounts to qualifying persons who submitted applications
29 during the previous quarter.

30 (d) For warehouses located in a qualifying county, the square
31 footage requirement is 100,000 square feet or more.

32 (3) Warehouse, grain elevators, and material-handling equipment
33 and racking equipment for which an exemption, credit, or deferral has
34 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
35 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
36 under this section. Materials incorporated in warehouses and grain
37 elevators upon which construction was initiated prior to May 20,
38 1997, are not eligible for a remittance under this section.

39 (4) The lessor or owner of the warehouse or grain elevator is not
40 eligible for a remittance or credit under this section unless the

1 underlying ownership of the warehouse or grain elevator and material-
2 handling equipment and racking equipment vests exclusively in the
3 same person, or unless the lessor by written contract agrees to pass
4 the economic benefit of the exemption to the lessee in the form of
5 reduced rent payments.

6 (5) The definitions in RCW 82.08.820 apply to this section.

7 (6) This section expires July 1, 2032.

8 NEW SECTION. **Sec. 203.** A person claiming an exemption from
9 state tax in the form of a remittance under RCW 82.08.820 or
10 82.12.820 for a warehouse or distribution center must file the annual
11 tax preference performance report under RCW 82.32.534 beginning in
12 the first calendar year following the year the warehouse,
13 distribution center, or grain elevator is operationally complete and
14 for the next two subsequent years.

15 NEW SECTION. **Sec. 204.** (1) This section is the tax preference
16 performance statement for the warehousing, distribution, and grain
17 elevator sales and use tax exemptions in sections 201 and 202,
18 chapter . . . , Laws of 2022 (sections 201 and 202 of this act). The
19 performance statement is only intended to be used for subsequent
20 evaluation of the tax preference. It is not intended to create a
21 private right of action by any party or be used to determine
22 eligibility for preferential tax treatment.

23 (2) The legislature categorizes this tax preference as one
24 intended to accomplish the general purposes indicated in RCW
25 82.32.808(2) (a) and (c) to induce certain designated behavior by
26 businesses and to create jobs.

27 (3) It is the legislature's specific public policy objective to
28 induce the construction of new or expanded warehouses and
29 distribution centers in certain targeted counties by reducing the
30 square footage requirement in order to diversify the tax base and
31 increase employment within the targeted counties.

32 (4) To measure the effectiveness of these exemptions in achieving
33 the specific public policy objectives described in subsection (3) of
34 this section, the joint legislative audit and review committee must
35 evaluate the changes in the number of employment positions in the
36 warehousing and distribution industry sector in the targeted counties
37 and changes to the tax base as a result of increased warehousing and
38 distribution activity.

1 (5) In order to obtain the data necessary to perform the review
2 in subsection (4) of this section, the joint legislative audit and
3 review committee may refer to the remittance data prepared by the
4 department of revenue and the annual tax preference performance
5 report submitted by the beneficiary of the tax preference under RCW
6 82.32.534.

7 NEW SECTION. **Sec. 205.** Sections 101 through 110 of this act
8 constitute a new chapter in Title 82 RCW.

9 NEW SECTION. **Sec. 206.** This act takes effect July 1, 2022."

10 Correct the title.

EFFECT: (1) Removes "qualified employment position" as a defined term under the act.

(2) Clarifies that the amount of state and local sales and use taxes eligible for deferral are on a per person basis, rather than a per eligible investment project per person basis.

(3) Provides that a warehouse must be located in a qualifying county at the time of application for the remittance to be eligible, rather than at the time of application for the sale and use tax deferral program for designated counties.

(4) Modifies the annual tax preference performance reporting requirement by: (a) Specifying that the annual tax preference performance reporting requirement for a person that receives a remittance for a grain elevator must also be filed on the same timeline as a warehouse or distribution center; and (b) moving the reporting requirement into a new section.

--- END ---