

2 **SHB 3099 - H AMD 938 BEYOND OBJECT OF BILL 2-17-98**
3 By Representative Morris

4

5 On page 3, after line 11, insert the following:

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

8 (1) The definitions in this subsection apply to this section,
9 sections 3 and 4 of this act, RCW 82.62.030, and sections 9 through 16
10 of this act, unless the context clearly requires otherwise.

11 (a) "Business" means the person applying for the tax deferral,
12 credit, or exemption.

13 (b) "Construction" means the construction of a manufacturing
14 operation complex and includes labor and services rendered in respect
15 to construction. "Construction" ends when a project is completed as
16 determined under subsection (2)(c) of this section.

17 (c) "Distressed county" means a county in which the average level
18 of unemployment for the three years before the year in which an
19 application is filed under this chapter exceeds the average state
20 unemployment for those years by twenty percent.

21 (d) "Employment position" means a position in which a permanent
22 full-time employee is employed in a project during the entire tax year.
23 "The entire tax year" means the full-time position is filled for a
24 period of twelve consecutive months. "Full-time" means at least
25 thirty-five hours a week.

26 (e) "Equipping and operating" means the acquisition of tangible
27 personal property for use at the manufacturing operation complex, and
28 includes labor and services rendered in respect to the installation of
29 tangible personal property.

30 (f) "Finished product" means an article, substance, or commodity
31 that is manufactured at and shipped from the manufacturing operation
32 complex.

33 (g) "Manufacturing operation complex" means the buildings,
34 structures, and improvements located at the site where the
35 manufacturing activity occurs. The complex includes the buildings,
36 structures, and improvements used to receive, store, and ship raw

1 materials and finished products as well as buildings, structures, and
2 improvements used for the manufacturing production line. In addition,
3 the term includes all administrative offices, employee support
4 facilities, and production support facilities located at the site. The
5 manufacturing operation complex does not include buildings, structures,
6 and improvements located off of the site.

7 (h) "Person" has the meaning given in RCW 82.04.030.

8 (i) "Project" means the site preparation, construction, and
9 equipping and operating of a manufacturing operation complex.

10 (j) "Raw material" means the ingredients, components, substances,
11 articles, or other tangible personal property that is received at the
12 manufacturing operation complex for use as ingredients or components of
13 the finished product.

14 (k) "Site" means a discrete geographical location.

15 (l) "Site preparation" means demolition of existing improvements,
16 environmental remediation, earth moving, land clearing, site
17 excavation, and shoring, and includes labor and services rendered in
18 respect to site preparation.

19 (2) As a condition to receiving initial approval and as a condition
20 of continuing eligibility, the following criteria must be met:

21 (a) The project must be located in a distressed county and must be
22 owned and operated by a person who meets the definition of
23 "manufacturer" as defined in RCW 82.04.110;

24 (b) The business must commit to an investment, by the time of
25 completion of the project, in land, structures, and equipment, the
26 value of which must be at least four percent of the total of the
27 equalized assessed value in the county in which the project is located.
28 The total equalized assessed value in the county is as published
29 annually by the department in accordance with RCW 84.48.080.
30 Continuing eligibility is conditioned on this investment having
31 actually occurred;

32 (c)(i) The business must commit to and must create a minimum of
33 twenty new employment positions at the project within two years of
34 completion of the project.

35 (ii) The business must commit to and create one new employment
36 position for each two million dollars invested in the project within
37 two years of completion of the project. The twenty minimum positions
38 in (c)(i) of this subsection are part of and not in addition to the
39 positions required to meet the investment to job ratio.

1 (iii) The individuals in the new employment positions must be the
2 employees of the business and must not have been relocated from other
3 locations of the business within this state. Completion of the project
4 is deemed to have occurred when the project is capable of operating and
5 producing finished products. The department of community, trade, and
6 economic development shall determine when the project is complete;

7 (d) The business must commit to and must pay an average wage of at
8 least one hundred fifty percent of the average wage in the county. The
9 employment security department shall determine the average wage in the
10 county and shall report this amount to the department of community,
11 trade, and economic development; and

12 (e) The business must remain operational for a fifteen-year period
13 after the project is completed. "Operational" means that the level of
14 employment at the manufacturing operation complex must not drop below
15 the total employment positions required under (c) of this subsection.

16 (3)(a) The department of community, trade, and economic development
17 shall determine the eligibility of a business and certify eligibility
18 to the department of revenue.

19 (b) Approval of the project by a public vote of the governing body
20 of the county or city in which the project is located is a precondition
21 to deferral certification by the department of revenue. If the county
22 or city approves the project, the county or city shall send a written
23 notification of the approval to the department of revenue. If the
24 project is in two jurisdictions, both jurisdictions must approve the
25 project.

26 (c) When both of the notices under (a) and (b) of this subsection
27 are received, the department of revenue shall issue a sales and use tax
28 deferral certificate for use under sections 3 and 4 of this act.

29 (4) In addition to the initial certification under subsection (3)
30 of this section, the project must be reviewed by the department of
31 community, trade, and economic development each year for continuing
32 eligibility. The business shall provide an annual report to the
33 department of community, trade, and economic development, in a form as
34 required by the department, of its status relative to the eligibility
35 criteria under subsection (2) of this section. The department of
36 community, trade, and economic development shall review the annual
37 report and determine whether the project continues to meet the
38 eligibility criteria. The department of community, trade, and economic
39 development shall provide a written notice of this determination to the

1 business and to the department of revenue. Annual reapproval by the
2 county or city in which the project is located is not required. If the
3 project fails to meet the eligibility criteria the amount of taxes
4 deferred under sections 3 and 4 of this act are immediately due.

5 (5) Taxes deferred under sections 3 and 4 of this act need not be
6 repaid if the project maintains its eligibility criteria for a fifteen-
7 year period. The fifteen-year period begins when the deferral
8 certificate is sent under subsection (3)(c) of this section by the
9 department of revenue to the business.

10 (6) Application for the deferral under sections 3 and 4 of this act
11 may not be accepted before the effective date of this section or after
12 June 30, 2003.

13 (7) The employment security department shall provide such data to
14 the department of revenue and the department of community, trade, and
15 economic development as is necessary to administer this section wage
16 data shall be updated annually to reflect current state and county
17 conditions.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08 RCW
19 to read as follows:

20 (1) A person that has received a certification from the department
21 under section 2(3)(c) of this act may use that certificate for deferral
22 of the state share of taxes due under this chapter on the site
23 preparation, construction, and equipping and operating of the project.

24 (2) The certificate is not valid for sales that occurred before
25 certification by the department. After the project is determined to be
26 complete under section 2(2)(c) of this act, the certificate is limited
27 to taxes related to equipping and operating of the project.

28 (3)(a) The certificate may be used for fifteen years after its
29 issuance.

30 (b) The deferral under this section is conditioned on the business
31 remaining eligible under section 2 of this act. If the project fails
32 to meet the eligibility criteria, the amount of taxes deferred under
33 this section are immediately due. The department shall assess interest
34 at the rate provided for delinquent excise taxes, but not penalties,
35 retroactively to the date of deferral.

36 (4) The buyer must keep such records as the department requires for
37 audit and verification purposes.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12 RCW
2 to read as follows:

3 (1) A person that has received a certification from the department
4 under section 2(3)(c) of this act may use that certificate for deferral
5 of the state share of taxes due under this chapter on the site
6 preparation, construction, and equipping and operating of the project.

7 (2) The certificate is not valid for tax due on use that occurred
8 before certification by the department. After the project is
9 determined to be complete under section 2(2)(c) of this act, the
10 certificate is limited to tax due on use of tangible personal property
11 related to equipping and operating of the project.

12 (3)(a) The certificate may be used for fifteen years after its
13 issuance.

14 (b) The deferral under this section is conditioned on the business
15 remaining eligible under section 2 of this act. If the project fails
16 to meet the eligibility criteria, the amount of taxes deferred under
17 this section are immediately due. The department shall assess interest
18 at the rate provided for delinquent excise taxes, but not penalties,
19 retroactively to the date of deferral.

20 (4) The buyer must keep such records as the department requires for
21 audit and verification purposes.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.14 RCW
23 to read as follows:

24 The deferral under sections 3 and 4 of this act is for the state
25 portion of the sales and use tax and does not extend to the tax imposed
26 in this chapter.

27 **Sec. 6.** RCW 81.104.170 and 1997 c 450 s 5 are each amended to read
28 as follows:

29 Cities that operate transit systems, county transportation
30 authorities, metropolitan municipal corporations, public transportation
31 benefit areas, and regional transit authorities may submit an
32 authorizing proposition to the voters and if approved by a majority of
33 persons voting, fix and impose a sales and use tax in accordance with
34 the terms of this chapter, solely for the purpose of providing high
35 capacity transportation service.

36 The tax authorized pursuant to this section shall be in addition to
37 the tax authorized by RCW 82.14.030 and shall be collected from those

1 persons who are taxable by the state pursuant to chapters 82.08 and
2 82.12 RCW upon the occurrence of any taxable event within the taxing
3 district. The maximum rate of such tax shall be approved by the voters
4 and shall not exceed one percent of the selling price (in the case of
5 a sales tax) or value of the article used (in the case of a use tax).
6 The maximum rate of such tax that may be imposed shall not exceed
7 nine-tenths of one percent in any county that imposes a tax under RCW
8 82.14.340, or within a regional transit authority if any county within
9 the authority imposes a tax under RCW 82.14.340. The exemptions in RCW
10 82.08.820 and 82.12.820 are for the state portion of the sales and use
11 tax and do not extend to the tax authorized in this section.

12 The deferral in sections 3 and 4 of this act is for the state
13 portion of the sales tax and does not extend to the tax imposed in this
14 chapter.

15 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.32 RCW
16 to read as follows:

17 The department of revenue may develop and institute a tax reporting
18 method whereby the taxpayer uses deductions, credits, or other
19 accounting techniques, as directed by the department, to allow the
20 department to administer, and the taxpayer to report, the deferral in
21 sections 3 and 4 of this act simply and efficiently. Taxpayers who are
22 entitled to this deferral and sellers who receive deferral certificates
23 from buyers shall keep their records in a form and manner as directed
24 by the department so that the department can distinguish between
25 taxable and exempt transactions.

26 **Sec. 8.** RCW 82.62.030 and 1997 c 366 s 5 are each amended to read
27 as follows:

28 (1) A person shall be allowed a credit against the tax due under
29 chapter 82.04 RCW as provided in this section. For an application
30 approved before January 1, 1996, the credit shall equal one thousand
31 dollars for each qualified employment position directly created in an
32 eligible business project. For an application approved on or after
33 January 1, 1996, the credit shall equal two thousand dollars for each
34 qualified employment position directly created in an eligible business
35 project. For an application approved on or after July 1, 1997, the
36 credit shall equal four thousand dollars for each qualified employment
37 position with wages and benefits greater than forty thousand dollars

1 annually that is directly created in an eligible business. For an
2 application approved on or after July 1, 1997, the credit shall equal
3 two thousand dollars for each qualified employment position with wages
4 and benefits less than or equal to forty thousand dollars annually that
5 is directly created in an eligible business.

6 (2) The department shall keep a running total of all credits
7 granted under this chapter during each fiscal year. The department
8 shall not allow any credits which would cause the tabulation to exceed
9 five million five hundred thousand dollars in fiscal year 1998 or 1999
10 or seven million five hundred thousand dollars in any fiscal year
11 thereafter. If all or part of an application for credit is disallowed
12 under this subsection, the disallowed portion shall be carried over for
13 approval the next fiscal year. However, the applicant's carryover into
14 the next fiscal year is only permitted if the tabulation for the next
15 fiscal year does not exceed the cap for that fiscal year as of the date
16 on which the department has disallowed the application.

17 (3) No recipient may use the tax credits to decertify a union or to
18 displace existing jobs in any community in the state.

19 (4) No recipient may receive a tax credit on taxes which have not
20 been paid during the taxable year.

21 (5) A business that has received certification from the department
22 of revenue under section 2 of this act is eligible for an annual credit
23 of four thousand dollars for each of the positions used to establish
24 project eligibility. Positions created in excess of those required to
25 maintain eligibility are also eligible for the credit under this
26 subsection. The business may apply for the credit once the project is
27 complete, as determined in section 2 of this act. The business may
28 apply each of the successive seven years following its initial
29 application under this subsection and shall receive the credit if the
30 continuing employment requirements of section 2 of this act are met.
31 The credits granted under this subsection do not affect the caps under
32 subsection (2) of this section and the fifteen percent requirement
33 under RCW 82.62.010. Application for the credit under this subsection
34 may not be accepted before the effective date of this section.

35 NEW SECTION. Sec. 9. (1) All real and personal property belonging
36 to a business and used in connection with a project that qualifies
37 under this chapter is exempt from ad valorem property taxation for
38 fifteen successive years from completion of construction and

1 certification of the project, as determined under section 2 of this
2 act.

3 (2) The exemption does not include real or personal property
4 acquired or constructed prior to the approval of the application
5 prescribed in this chapter. The exemption provided by this chapter is
6 in addition to any other incentives, tax credits, or grants provided by
7 law.

8 (3) The definitions in section 2 of this act apply to this chapter,
9 where applicable.

10 NEW SECTION. **Sec. 10.** A person making application for exemption
11 under this chapter must meet the requirements of section 2 of this act
12 and must enter into a contract approved by the department and the
13 governing body or bodies of the city or county in which the project is
14 located. In the contract the applicant must agree to the requirements
15 of section 2 of this act and this chapter. The department of revenue
16 may not accept any application for exemption under this chapter after
17 June 30, 2003.

18 NEW SECTION. **Sec. 11.** An applicant seeking a tax exemption under
19 this chapter must complete the following procedures:

20 (1) The applicant shall apply to the department on forms prepared
21 by the department. The application for exemption must contain the
22 following:

23 (a) A description of the manner in which the applicant intends to
24 proceed with acquisition and construction of the project, together with
25 proposed time frames for accomplishing the requirements of section 2 of
26 this act and this chapter; and

27 (b) A statement that the applicant is aware of the potential tax
28 liability that will be imposed if the property ceases to be eligible
29 for the exemption provided under this chapter.

30 (2) The applicant must verify the application for exemption by oath
31 or affirmation.

32 (3) The department may permit the applicant to revise an
33 application for exemption before final action on the application is
34 taken by the department.

35 NEW SECTION. **Sec. 12.** The department may approve the application
36 for exemption filed under this chapter if it finds that:

1 (1) The proposed project is or will be, at the time of completion,
2 in conformance with all applicable local government regulations in
3 effect at the time the application for exemption is approved;

4 (2) The applicant has complied with all requirements under this
5 chapter;

6 (3) The site of the project is located in a distressed county, as
7 defined by section 2 of this act; and

8 (4) The governing body of the county or city in which the project
9 is located has by a public vote approved the project and has sent a
10 written notification of the approval to the department.

11 NEW SECTION. **Sec. 13.** (1) The department shall approve or deny an
12 application for exemption filed under this chapter within sixty days
13 after it is received, unless in the discretion of the department
14 additional time is necessary in order to make a decision.

15 (2) If the application for exemption is approved, the department
16 shall issue the applicant a conditional certificate of tax exemption.
17 The certificate must contain a statement by a duly authorized
18 administrative official of the department that the applicant has
19 complied with the requirements of this chapter.

20 (3) If the application for exemption is denied by the department,
21 the deciding administrative official shall state in writing the reasons
22 for the denial and mail the notice to the applicant at the applicant's
23 last known address within ten days of the denial.

24 (4) Upon receiving a denial of the application for a property tax
25 exemption under this chapter, the applicant may appeal the denial to
26 the board of tax appeals in accordance with the rules of practice and
27 procedure of the board. This appeal must be submitted within thirty
28 days of the date the notice is received. If the exemption is denied,
29 the sixty-day time period for approving the application for exemption
30 regarding the project must be extended to the extent necessary to
31 accommodate the appeal process.

32 NEW SECTION. **Sec. 14.** (1) Upon completion of construction of a
33 project for which an application for exemption under this chapter has
34 been approved, the owner of the eligible business shall file with the
35 department the following:

36 (a) A statement of the amount of expenditures for land, structures,
37 machinery, and equipment made with respect to the project;

1 (b) A description of the work that has been completed and a
2 statement that the owner's property qualifies the property for
3 exemption under this chapter; and

4 (c) A statement that the work has been completed within two years
5 of the issuance of the conditional certificate of tax exemption.

6 (2) Within thirty days of the date the statements required under
7 subsection (1) of this section are received, the authorized
8 representative of the department shall determine whether the work
9 completed is consistent with the application for exemption and the
10 contract approved by the legislative authority of the local taxing
11 districts and is qualified for exemption under this chapter. The
12 department shall also determine which completed improvements
13 specifically meet the requirements and required findings.

14 (3) The department shall file the certificate of tax exemption with
15 the county assessor within ten days of approval if:

16 (a) The construction is completed within two years of the date the
17 conditional certificate of tax exemption was issued or within an
18 authorized extension of this time limit; and

19 (b) The authorized representative of the department determines that
20 improvements were constructed consistent with the application for
21 exemption and other applicable requirements and the applicant's
22 property is qualified for exemption under this chapter.

23 (4) The authorized representative of the department shall notify
24 the applicant that a certificate of tax exemption will not be issued if
25 the representative determines that:

26 (a) The construction was not completed within two years of the
27 approval date or within any authorized extension of the time limit;

28 (b) The improvements were not constructed consistent with the
29 application for exemption or other applicable requirements; or

30 (c) The applicant's property is otherwise not qualified for
31 exemption under this chapter.

32 (5) If the authorized representative of the department finds that
33 the project was not completed within the required time period is due to
34 circumstances beyond the control of the applicant and that the
35 applicant has been acting and could reasonably be expected to act in
36 good faith and with due diligence, the department may extend the
37 deadline for completion of the project for a period not to exceed
38 twenty-four consecutive months.

1 (6) The decision by the deciding officer that an owner of an
2 eligible business is not entitled to a certificate of tax exemption may
3 be appealed to the board of tax appeals in accordance with the rules of
4 practice and procedure of the board.

5 NEW SECTION. **Sec. 15.** (1) Within thirty days of the anniversary
6 of the date the certificate of tax exemption was issued and each year
7 thereafter for a period of fifteen years, the owner of the eligible
8 business shall file with a designated representative of the department
9 of community, trade, and economic development an annual report
10 indicating the following:

11 (a) A certification by the owner that the use of the property has
12 not changed since the date the certificate was approved by the
13 department; and

14 (b) A description of changes or improvements made after the
15 certificate of tax exemption was issued.

16 (2) The department of community, trade, and economic development
17 shall annually determine whether the business meets the requirements of
18 this chapter and shall annually report this determination to the
19 department of revenue.

20 NEW SECTION. **Sec. 16.** (1) Land, structures, and machinery and
21 equipment that have been exempted under this chapter shall continue to
22 be exempt if not converted to another use for at least fifteen years
23 from the date of issuance of the certificate of tax exemption. If the
24 owner intends to convert the development to another use, the owner must
25 notify the assessor within sixty days of the change in use. If, after
26 a certificate of tax exemption has been filed with the county assessor,
27 the assessor discovers that the use of a portion of the property has
28 changed or will be changed to a use that no longer meets the
29 requirements as previously approved or agreed upon by contract between
30 the department and the owner and that the eligible business no longer
31 qualifies for the exemption, the tax exemption must be canceled and the
32 following must occur:

33 (a) Additional property tax must be imposed upon the property in
34 the amount that would normally be imposed, plus a penalty amounting to
35 twenty percent of the additional tax. This additional tax is
36 calculated based upon the difference between the property tax paid and
37 the amount of property tax otherwise due and payable had the property

1 not been granted an exemption. The tax, together with penalty and
2 interest, is due in accordance with RCW 84.56.020 the year following
3 the year the property no longer qualifies for exemption;

4 (b) The tax must include interest upon the amount of additional tax
5 at the same statutory rate charged on delinquent property taxes from
6 the dates on which the additional tax could have been paid without
7 penalty if the property had been assessed at a value without regard to
8 this chapter; and

9 (c) An additional tax unpaid on its due date is delinquent. From
10 the date of delinquency until the additional tax and penalty are paid,
11 interest must be charged at the same rate applied by law to delinquent
12 ad valorem property taxes. The additional tax owed together with
13 interest and penalty become a lien on the land and attach at the time
14 the property or portion of the property no longer meets applicable
15 requirement. The lien has priority to and must be fully paid and
16 satisfied before a recognizance, mortgage, judgment, debt, obligation,
17 or responsibility to or with which the land may become charged or
18 liable. The lien may be foreclosed upon expiration of the same period
19 after delinquency and in the same manner provided by law for
20 foreclosure of liens for delinquent real or personal property taxes.

21 (2) When a determination has been made that a tax exemption is to
22 be canceled for a reason stated in this section, the department shall
23 notify the owner of the property, shown by the tax rolls, by mail that
24 the exemption will be canceled. Upon receiving the notice that the
25 exemption is to be canceled, the owner may appeal the cancellation to
26 the board of tax appeals in accordance with the rules of practice and
27 procedures of the board. This appeal must be submitted within thirty
28 days of the date the notice of cancellation is received and must
29 specify the factual and legal basis on which the determination of
30 cancellation is alleged to be erroneous.

31 (3) Upon receiving notice from the department or its authorized
32 representative that an exemption has been canceled, the county
33 officials having possession of the assessment and tax rolls shall
34 correct the rolls and collect additional taxes, interest, and penalty
35 in accordance with this section.

36 NEW SECTION. **Sec. 17.** A new section is added to chapter 82.04 RCW
37 to read as follows:

38 (1) As used in this section:

1 (a) "Board" means the community economic revitalization board under
2 chapter 43.160 RCW;

3 (b) "Private-sector business" or "business" means "person" as
4 defined in RCW 82.04.030. "Private-sector business" does not include
5 a public agency. "Public agency" means the state or its agencies,
6 instrumentalities, or political subdivisions, or the United States or
7 any instrumentality thereof, or an Indian tribe or nation; and

8 (c) "Public facilities" means bridges, roads, domestic and
9 industrial water, sanitary sewer, storm sewer, railroad, electricity,
10 natural gas, buildings or structures, and port facilities, in the state
11 of Washington.

12 (2) A person shall be allowed a credit against tax due under this
13 chapter or chapter 82.16 RCW as provided in this section. The credit
14 shall equal fifty cents for each dollar of private funds spent on
15 qualifying public facilities. A person may not receive credit for
16 funds spent by another person. Eligible spending is limited to
17 construction, reconstruction, or improvement of the public facility,
18 and includes rights of way and real property acquisition, engineering
19 and design work, environmental assessment and mitigation, and materials
20 acquisition.

21 (3) The department, subject to the limitations of subsection (4) of
22 this section, shall approve applications for tax credits upon
23 occurrence of the following:

24 (a) A written certification is submitted by the board to the
25 department, stating the applicant has been approved for a loan or grant
26 under chapter 43.160 RCW. The tax credit applicant shall provide a
27 written request to the board, requesting the board to provide such
28 certification to the department;

29 (b) A written agreement is submitted to the department before the
30 start of the public facility project, signed by the public agency
31 responsible for the public facility and the business spending money on
32 the public facility, establishing the financial obligations of the
33 business and stating that the public facility is to be owned and
34 controlled by the public agency;

35 (c) If the facility will be owned by the business until completion,
36 a written agreement is submitted to the department providing a
37 mechanism for transfer of ownership of the facility to the public
38 agency upon completion of the project; and

1 (d) The business, in consultation with the public agency, provides
2 a letter to the department establishing that the public facility will
3 enable the business to create, retain, or expand jobs. The business
4 making the expenditures must be the same business upon which the job
5 criteria is based. A business may not use the jobs upon which an
6 earlier project was based to justify additional projects for which the
7 business is applying for tax credits.

8 (4)(a) Tax credits are available on a first-come basis, with
9 priority based on the date an application is received by the
10 department. Upon completion of a public facility, as determined by the
11 department, the department shall certify the business as eligible for
12 tax credits under this section. An applicant is not eligible for tax
13 credits under this section in excess of the amount of tax that would
14 otherwise be due under this chapter. Approved credit may be carried
15 over one calendar year after the year in which the credit is approved.
16 Any unused credit remaining after the one-year carry-over period has
17 elapsed expires. Refunds shall not be given in place of credits.

18 (b) The department shall keep a running total of all credits
19 approved. The sum total of credits granted under this section and
20 section 18 of this act shall be no more than five million dollars of
21 credits each fiscal year. If the amount requested for a credit in an
22 application will cause the cap to be exceeded, the department shall
23 give a partial approval of the project, equal to the amount of
24 remaining credit available for the fiscal year.

25 (c) The amount of credit taken is not confidential or subject to
26 RCW 82.32.330, and is disclosable by the department as a public record.

27 (5) Investments in a public facility do not give the private-sector
28 business a right or privilege, or any other benefit in the public
29 facility.

30 (6) An application under this section may not be approved after
31 June 30, 2005.

32 (7) Tax credits shall not be granted for spending that occurred
33 before the effective date of this section. Applicants are not eligible
34 based on a loan or grant approved before the effective date of this
35 section.

36 (8) If a person has used a credit granted under this section
37 against tax due under chapter 82.16 RCW the person may not use the same
38 credit for tax due under this chapter.

1 (9) The tax credit program under this section and section 18 of
2 this act is limited to expenditures for public facilities located in
3 distressed counties. "Distressed county" means a county in which the
4 average level of unemployment for the three years before the year in
5 which an application is filed under this section exceeds the average
6 state unemployment for those years by twenty percent.

7 NEW SECTION. **Sec. 18.** A new section is added to chapter 82.16 RCW
8 to read as follows:

9 The tax credit program under section 17 of this act is available to
10 persons for tax due under this chapter. If a person has used a credit
11 granted under this section against tax due under chapter 82.04 RCW the
12 person may not use the same credit for tax due under this chapter.

13 NEW SECTION. **Sec. 19.** It is the intent of the legislature to
14 promote the creation and the retention of jobs. To that end section
15 20, chapter . . . , Laws of 1998 (section 20 of this act) allows
16 counties to provide public facilities that will attract and retain
17 businesses, thereby creating and maintaining jobs.

18 **Sec. 20.** RCW 82.14.370 and 1997 c 366 s 3 are each amended to read
19 as follows:

20 (1) The legislative authority of a distressed county may impose a
21 sales and use tax in accordance with the terms of this chapter. The
22 tax is in addition to other taxes authorized by law and shall be
23 collected from those persons who are taxable by the state under
24 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
25 within the county. The rate of tax shall not exceed (~~(0.04)~~) 0.12
26 percent of the selling price in the case of a sales tax or value of the
27 article used in the case of a use tax.

28 (2) The tax imposed under subsection (1) of this section shall be
29 deducted from the amount of tax otherwise required to be collected or
30 paid over to the department of revenue under chapter 82.08 or 82.12
31 RCW. The department of revenue shall perform the collection of such
32 taxes on behalf of the county at no cost to the county.

33 (3) Moneys collected under this section shall only be used for the
34 purpose of financing qualifying public facilities in rural counties.
35 The public facility must be listed as an item in the economic
36 development section of the comprehensive plan for those counties

1 planning under RCW 36.70A.040, or, for those counties who do not plan
2 under the growth management act, the public facility must be listed in
3 the county's capital facilities plan. For the purposes of this
4 section, "public facilities" means bridges, roads, domestic and
5 industrial water, sanitary sewer, storm sewer, railroad, electricity,
6 natural gas, buildings or structures, and port facilities, in the state
7 of Washington.

8 (4) No tax may be collected under this section before July 1, 1998.
9 No tax may be collected under this section by a county more than
10 twenty-five years after the date that a tax is first imposed under this
11 section.

12 (5) For purposes of this section, "distressed county" means a
13 county in which the average level of unemployment for the three years
14 before the year in which a tax is first imposed under this section
15 exceeds the average state ((employment)) unemployment for those years
16 by twenty percent.

17 NEW SECTION. Sec. 21. Sections 9 through 16 of this act
18 constitute a new chapter in Title 84 RCW.

19 NEW SECTION. Sec. 22. If any provision of this act or its
20 application to any person or circumstance is held invalid, the
21 remainder of the act or the application of the provision to other
22 persons or circumstances is not affected.

23 NEW SECTION. Sec. 23. This act takes effect July 1, 1998."

24 Correct the title.

25 EFFECT: Provides for additional industrial development by making
26 available certain tax benefits for manufacturing projects locating in
27 distressed counties; allowing a credit against B&O taxes for private
28 funds spent on public facilities; and allowing distressed counties
29 additional sales taxes for economic development related public
30 facilities.

--- END ---