

6304-S2

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Brandland, Parlette, Spanel, Morton, Doumit, T. Sheldon and Rasmussen)

Brief Description: Providing tax relief for aluminum smelters.

**SB 6304-S2 - DIGEST**

(DIGEST AS ENACTED)

Provides tax relief for aluminum smelters.

Declares that upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; as to such persons the amount of tax with respect to such business shall, in the case of manufacturers, be equal to the value of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of .2904 percent.

Declares that upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

Expires January 1, 2007.

Finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information to evaluate whether the stated goals of legislation were achieved.

Declares that the goals of the smelter tax incentives are to retain family wage jobs in rural areas by: (1) Enabling the aluminum industry to maintain production of aluminum at a level that will preserve at least 75 percent of the jobs that were on the payroll effective January 1, 2004, as adjusted for employment reductions publicly announced before November 30, 2003; and

(2) Allowing the aluminum industry to continue producing aluminum in this state through 2006 so that the industry will be positioned to preserve and create new jobs when the anticipated reduction of energy costs occurs.

Requires an aluminum smelter receiving the benefit of a smelter tax incentive to make an annual report to the department detailing employment, wages, and employer-provided health and retirement benefits per job at the manufacturing site.

Provides that, if a person fails to submit an annual report under this act by the due date of the report, the department shall declare the amount of taxes exempted or credited, or reduced in the case of the preferential business and occupation tax rate, for that year to be immediately due and payable.

Requires that, by December 1, 2005, and by December 1, 2006, the fiscal committees of the house of representatives and the senate, in consultation with the department, shall report to the legislature on the effectiveness of the smelter tax incentives and,

by December 1, 2010, on the effectiveness of the incentives under this act. The reports shall measure the effect of the tax incentives on job retention for Washington residents and any other factors the committees may select.