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SENATE BILL 5496

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State of Washington                      60th Legislature                      2007 Regular Session

By Senators Kilmer, Kastama, Clements, Kauffman, Shin, Delvin and Rasmussen

Read first time 01/22/2007.      Referred to Committee on Economic Development, Trade & Management.

1            AN ACT Relating to creating a tax credit against the business and  
2 occupation tax for persons who make contributions to the economic  
3 development strategic reserve account; amending RCW 43.330.250; and  
4 adding a new section to chapter 82.04 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8            (1) Subject to the limitations in this section, a credit is allowed  
9 against the tax imposed under this chapter for contributions made by a  
10 person to the state treasurer for deposit in the economic development  
11 strategic reserve account created in RCW 43.330.250.

12            (2) The person must make the contribution before claiming a credit  
13 authorized under this section. Credits earned under this section may  
14 be claimed against taxes due for the calendar year in which the  
15 contribution is made. The amount of credit claimed for a reporting  
16 period shall not exceed the tax otherwise due under this chapter for  
17 that reporting period. No person may claim more than two hundred fifty  
18 dollars of credit in any calendar year, including credit carried over

1 from a previous calendar year. No refunds may be granted for any  
2 unused credits.

3 (3) Any amount of tax credit otherwise allowable under this section  
4 not claimed by the person in any calendar year may be carried over and  
5 claimed against the person's tax liability for the next succeeding  
6 calendar year. Any credit remaining unused in the next succeeding  
7 calendar year may be carried forward and claimed against the person's  
8 tax liability for the second succeeding calendar year; and any credit  
9 not used in that second succeeding calendar year may be carried over  
10 and claimed against the person's tax liability for the third succeeding  
11 calendar year, but may not be carried over for any calendar year  
12 thereafter.

13 (4) Credits are available on a first in-time basis. The department  
14 shall disallow any credits, or portions thereof, that would cause the  
15 total amount of credits claimed under this section during any calendar  
16 year to exceed two million dollars. If this limitation is reached, the  
17 department shall notify any person who has claimed tax credits in  
18 excess of the two million dollar limitation in this subsection. The  
19 notice shall indicate the amount of tax due and shall provide that the  
20 tax be paid within thirty days from the date of such notice. The  
21 department shall not assess penalties and interest as provided in  
22 chapter 82.32 RCW on the amount due in the initial notice, if the  
23 amount due is paid by the due date specified in the notice, or any  
24 extension thereof.

25 (5) To claim a credit under this section, a person must  
26 electronically file with the department all returns, forms, and any  
27 other information required by the department, in an electronic format  
28 as provided or approved by the department. Any return, form, or  
29 information required to be filed in an electronic format under this  
30 section is not filed until received by the department in an electronic  
31 format. As used in this subsection, "returns" has the same meaning as  
32 "return" in RCW 82.32.050.

33 (6) No application is necessary for the tax credit. The person  
34 must keep records necessary for the department to verify eligibility  
35 under this section.

36 (7) The state treasurer and any person making contributions under  
37 the provisions of this section shall provide to the department, upon  
38 request, such information needed to verify eligibility for credit under

1 this section, including information regarding contributions received by  
2 the treasurer for deposit into the economic development strategic  
3 reserve account.

4 (8) The department shall not allow any credit under this section  
5 before July 1, 2007.

6 (9) No credit may be earned for contributions made on or after July  
7 1, 2017.

8 **Sec. 2.** RCW 43.330.250 and 2005 c 427 s 1 are each amended to read  
9 as follows:

10 (1) The economic development strategic reserve account is created  
11 in the state treasury to be used only for the purposes of this section.

12 (2) Only the governor, with the recommendation of the director of  
13 the department of community, trade, and economic development and the  
14 economic development commission, may authorize expenditures from the  
15 account.

16 (3) Expenditures from the account shall be made in an amount  
17 sufficient to fund ~~((a minimum of one))~~ the executive director and such  
18 other staff positions for the economic development commission, as the  
19 commission determines are necessary, and to cover any other operational  
20 costs of the commission.

21 (4) Expenditures from the account may be made to prevent closure of  
22 a business or facility, to prevent relocation of a business or facility  
23 in the state to a location outside the state, or to recruit a business  
24 or facility to the state. Expenditures may be authorized for:

25 (a) Workforce development;

26 (b) Public infrastructure needed to support or sustain the  
27 operations of the business or facility; and

28 (c) Other lawfully provided assistance~~((7))~~ including, but not  
29 limited to, technical assistance, environmental analysis, relocation  
30 assistance, and planning assistance. Funding may be provided for such  
31 assistance only when it is in the public interest and may only be  
32 provided under a contractual arrangement ensuring that the state will  
33 receive appropriate consideration, such as an assurance of job creation  
34 or retention.

35 (5) The funds shall not be expended from the account unless:

36 (a) The circumstances are such that time does not permit the

1 director of the department of community, trade, and economic  
2 development or the business or facility to secure funding from other  
3 state sources;

4 (b) The business or facility produces or will produce significant  
5 long-term economic benefits to the state, a region of the state, or a  
6 particular community in the state;

7 (c) The business or facility does not require continuing state  
8 support;

9 (d) The expenditure will result in new jobs, job retention, or  
10 higher incomes for citizens of the state;

11 (e) The expenditure will not supplant private investment; and

12 (f) The expenditure is accompanied by private investment.

13 (6) No more than three million dollars per year may be expended  
14 from the account for the purpose of assisting an individual business or  
15 facility pursuant to the authority specified in this section.

16 (7) If the account balance in the strategic reserve account exceeds  
17 ((fifteen)) twenty million dollars at any time, the amount in excess of  
18 ((fifteen)) twenty million dollars shall be transferred to the  
19 education construction account.

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