
SUBSTITUTE HOUSE BILL 1786

State of Washington

64th Legislature

2015 Regular Session

By House Labor (originally sponsored by Representatives Gregerson, Tarleton, Robinson, Sells, Ortiz-Self, McBride, Peterson, Cody, Bergquist, Moscoso, Jenkins, Ormsby, Stanford, Ryu, Pollet, and S. Hunt)

1 AN ACT Relating to establishing a statewide wage standard for
2 aerospace employment as a requirement to qualify for certain
3 aerospace-related tax incentives; amending RCW 82.32.534; amending
4 2013 3rd sp.s. c 2 s 1 (uncodified); reenacting and amending
5 82.04.260; adding a new section to chapter 82.04 RCW; adding a new
6 section to chapter 82.32 RCW; creating a new section; providing an
7 effective date; and declaring an emergency.

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

9 **Sec. 1.** 2013 3rd sp.s. c 2 s 1 (uncodified) is amended to read
10 as follows:

11 (1) The legislature finds that the people of Washington have
12 benefited enormously from the presence of the aerospace industry in
13 Washington state. The legislature further finds that the industry
14 (~~continues to provide~~) has historically provided good wages and
15 benefits for the thousands of engineers, mechanics, and support staff
16 working directly in the industry throughout the state. (~~The~~
17 ~~legislature further finds that suppliers and vendors that support the~~
18 ~~aerospace industry in turn provide a range of well-paying jobs.~~) In
19 2003, and again in 2006, and 2007, the legislature determined it was
20 in the public interest to encourage the continued presence of the
21 aerospace industry through the provision of tax incentives. To this

1 end, and in recognition of the continuing extreme importance of the
2 aerospace industry in Washington, it is the legislature's intent to
3 reaffirm and build upon prior aerospace tax incentive legislation in
4 a fiscally prudent manner.

5 (2) The legislature categorizes the tax preferences extended in
6 this act as intended to create or retain jobs, as indicated in RCW
7 82.32.808(2)(c).

8 (3) It is the legislature's specific public policy objective to
9 maintain and grow Washington's aerospace industry workforce and the
10 good wages traditionally offered by aerospace employment. To help
11 achieve this public policy objective, it is the legislature's intent
12 to conditionally extend aerospace industry tax preferences until July
13 1, 2040, in recognition of intent by the state's aerospace industry
14 sector to maintain and grow its well-paid workforce within the state.

15 (4) The joint legislative audit and review committee must review
16 the tax preferences provided in this act and report to the
17 legislature by December 1, 2019, and every five years thereafter. As
18 part of its tax preference reviews, the committee must specifically
19 assess changes in aerospace industry employment in Washington in
20 comparison with other states and internationally, and assess growth
21 in high-wage employment, as defined by an annual or hourly wage equal
22 or greater than the state median wage. To the extent practicable, the
23 committee must use occupational data statistics provided by the
24 bureau of labor statistics and state agencies responsible for
25 administering unemployment insurance to perform this assessment.

26 **Sec. 2.** RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4 are
27 each reenacted and amended to read as follows:

28 (1) Upon every person engaging within this state in the business
29 of manufacturing:

30 (a) Wheat into flour, barley into pearl barley, soybeans into
31 soybean oil, canola into canola oil, canola meal, or canola by-
32 products, or sunflower seeds into sunflower oil; as to such persons
33 the amount of tax with respect to such business is equal to the value
34 of the flour, pearl barley, oil, canola meal, or canola by-product
35 manufactured, multiplied by the rate of 0.138 percent;

36 (b) Beginning July 1, 2015, seafood products that remain in a
37 raw, raw frozen, or raw salted state at the completion of the
38 manufacturing by that person; or selling manufactured seafood
39 products that remain in a raw, raw frozen, or raw salted state at the

1 completion of the manufacturing, to purchasers who transport in the
2 ordinary course of business the goods out of this state; as to such
3 persons the amount of tax with respect to such business is equal to
4 the value of the products manufactured or the gross proceeds derived
5 from such sales, multiplied by the rate of 0.138 percent. Sellers
6 must keep and preserve records for the period required by RCW
7 82.32.070 establishing that the goods were transported by the
8 purchaser in the ordinary course of business out of this state;

9 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy
10 products that the person has manufactured to purchasers who either
11 transport in the ordinary course of business the goods out of state
12 or purchasers who use such dairy products as an ingredient or
13 component in the manufacturing of a dairy product; as to such persons
14 the tax imposed is equal to the value of the products manufactured or
15 the gross proceeds derived from such sales multiplied by the rate of
16 0.138 percent. Sellers must keep and preserve records for the period
17 required by RCW 82.32.070 establishing that the goods were
18 transported by the purchaser in the ordinary course of business out
19 of this state or sold to a manufacturer for use as an ingredient or
20 component in the manufacturing of a dairy product.

21 (ii) For the purposes of this subsection (1)(c), "dairy products"
22 means:

23 (A) Products, not including any marijuana-infused product, that
24 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,
25 parts 131, 133, and 135, including by-products from the manufacturing
26 of the dairy products, such as whey and casein; and

27 (B) Products comprised of not less than seventy percent dairy
28 products that qualify under (c)(ii)(A) of this subsection, measured
29 by weight or volume.

30 (iii) The preferential tax rate provided to taxpayers under this
31 subsection (1)(c) does not apply to sales of dairy products on or
32 after July 1, 2023, where a dairy product is used by the purchaser as
33 an ingredient or component in the manufacturing in Washington of a
34 dairy product;

35 (d)(i) Beginning July 1, 2015, fruits or vegetables by canning,
36 preserving, freezing, processing, or dehydrating fresh fruits or
37 vegetables, or selling at wholesale fruits or vegetables manufactured
38 by the seller by canning, preserving, freezing, processing, or
39 dehydrating fresh fruits or vegetables and sold to purchasers who
40 transport in the ordinary course of business the goods out of this

1 state; as to such persons the amount of tax with respect to such
2 business is equal to the value of the products manufactured or the
3 gross proceeds derived from such sales multiplied by the rate of
4 0.138 percent. Sellers must keep and preserve records for the period
5 required by RCW 82.32.070 establishing that the goods were
6 transported by the purchaser in the ordinary course of business out
7 of this state.

8 (ii) For purposes of this subsection (1)(d), "fruits" and
9 "vegetables" do not include marijuana, useable marijuana, or
10 marijuana-infused products;

11 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or
12 biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as
13 to such persons the amount of tax with respect to the business is
14 equal to the value of alcohol fuel, biodiesel fuel, or biodiesel
15 feedstock manufactured, multiplied by the rate of 0.138 percent; and

16 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
17 persons the amount of tax with respect to the business is equal to
18 the value of wood biomass fuel manufactured, multiplied by the rate
19 of 0.138 percent.

20 (2) Upon every person engaging within this state in the business
21 of splitting or processing dried peas; as to such persons the amount
22 of tax with respect to such business is equal to the value of the
23 peas split or processed, multiplied by the rate of 0.138 percent.

24 (3) Upon every nonprofit corporation and nonprofit association
25 engaging within this state in research and development, as to such
26 corporations and associations, the amount of tax with respect to such
27 activities is equal to the gross income derived from such activities
28 multiplied by the rate of 0.484 percent.

29 (4) Upon every person engaging within this state in the business
30 of slaughtering, breaking and/or processing perishable meat products
31 and/or selling the same at wholesale only and not at retail; as to
32 such persons the tax imposed is equal to the gross proceeds derived
33 from such sales multiplied by the rate of 0.138 percent.

34 (5) Upon every person engaging within this state in the business
35 of acting as a travel agent or tour operator; as to such persons the
36 amount of the tax with respect to such activities is equal to the
37 gross income derived from such activities multiplied by the rate of
38 0.275 percent.

39 (6) Upon every person engaging within this state in business as
40 an international steamship agent, international customs house broker,

1 international freight forwarder, vessel and/or cargo charter broker
2 in foreign commerce, and/or international air cargo agent; as to such
3 persons the amount of the tax with respect to only international
4 activities is equal to the gross income derived from such activities
5 multiplied by the rate of 0.275 percent.

6 (7) Upon every person engaging within this state in the business
7 of stevedoring and associated activities pertinent to the movement of
8 goods and commodities in waterborne interstate or foreign commerce;
9 as to such persons the amount of tax with respect to such business is
10 equal to the gross proceeds derived from such activities multiplied
11 by the rate of 0.275 percent. Persons subject to taxation under this
12 subsection are exempt from payment of taxes imposed by chapter 82.16
13 RCW for that portion of their business subject to taxation under this
14 subsection. Stevedoring and associated activities pertinent to the
15 conduct of goods and commodities in waterborne interstate or foreign
16 commerce are defined as all activities of a labor, service or
17 transportation nature whereby cargo may be loaded or unloaded to or
18 from vessels or barges, passing over, onto or under a wharf, pier, or
19 similar structure; cargo may be moved to a warehouse or similar
20 holding or storage yard or area to await further movement in import
21 or export or may move to a consolidation freight station and be
22 stuffed, unstuffed, containerized, separated or otherwise segregated
23 or aggregated for delivery or loaded on any mode of transportation
24 for delivery to its consignee. Specific activities included in this
25 definition are: Wharfage, handling, loading, unloading, moving of
26 cargo to a convenient place of delivery to the consignee or a
27 convenient place for further movement to export mode; documentation
28 services in connection with the receipt, delivery, checking, care,
29 custody and control of cargo required in the transfer of cargo;
30 imported automobile handling prior to delivery to consignee; terminal
31 stevedoring and incidental vessel services, including but not limited
32 to plugging and unplugging refrigerator service to containers,
33 trailers, and other refrigerated cargo receptacles, and securing ship
34 hatch covers.

35 (8) Upon every person engaging within this state in the business
36 of disposing of low-level waste, as defined in RCW 43.145.010; as to
37 such persons the amount of the tax with respect to such business is
38 equal to the gross income of the business, excluding any fees imposed
39 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

1 If the gross income of the taxpayer is attributable to activities
2 both within and without this state, the gross income attributable to
3 this state must be determined in accordance with the methods of
4 apportionment required under RCW 82.04.460.

5 (9) Upon every person engaging within this state as an insurance
6 producer or title insurance agent licensed under chapter 48.17 RCW or
7 a surplus line broker licensed under chapter 48.15 RCW; as to such
8 persons, the amount of the tax with respect to such licensed
9 activities is equal to the gross income of such business multiplied
10 by the rate of 0.484 percent.

11 (10) Upon every person engaging within this state in business as
12 a hospital, as defined in chapter 70.41 RCW, that is operated as a
13 nonprofit corporation or by the state or any of its political
14 subdivisions, as to such persons, the amount of tax with respect to
15 such activities is equal to the gross income of the business
16 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
17 percent thereafter.

18 (11)(a) Beginning October 1, 2005, upon every person engaging
19 within this state in the business of manufacturing commercial
20 airplanes, or components of such airplanes, or making sales, at
21 retail or wholesale, of commercial airplanes or components of such
22 airplanes, manufactured by the seller, as to such persons the amount
23 of tax with respect to such business is, in the case of
24 manufacturers, equal to the value of the product manufactured and the
25 gross proceeds of sales of the product manufactured, or in the case
26 of processors for hire, equal to the gross income of the business,
27 multiplied by the rate of:

28 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;
29 and

30 (ii) 0.2904 percent beginning July 1, 2007.

31 (b) Beginning July 1, 2008, upon every person who is not eligible
32 to report under the provisions of (a) of this subsection (11) and is
33 engaging within this state in the business of manufacturing tooling
34 specifically designed for use in manufacturing commercial airplanes
35 or components of such airplanes, or making sales, at retail or
36 wholesale, of such tooling manufactured by the seller, as to such
37 persons the amount of tax with respect to such business is, in the
38 case of manufacturers, equal to the value of the product manufactured
39 and the gross proceeds of sales of the product manufactured, or in

1 the case of processors for hire, be equal to the gross income of the
2 business, multiplied by the rate of 0.2904 percent.

3 (c) For the purposes of this subsection (11), "commercial
4 airplane" and "component" have the same meanings as provided in RCW
5 82.32.550.

6 (d) In addition to all other requirements under this title, a
7 person reporting under the tax rate provided in this subsection (11)
8 must file a complete annual report with the department under RCW
9 82.32.534.

10 (e)(i) Except as provided in (e)(ii) of this subsection (11),
11 this subsection (11) does not apply on and after July 1, 2040.

12 (ii) With respect to the manufacturing of commercial airplanes or
13 making sales, at retail or wholesale, of commercial airplanes, this
14 subsection (11) does not apply on and after July 1st of the year in
15 which the department makes a determination that any final assembly or
16 wing assembly of any version or variant of a commercial airplane that
17 is the basis of a siting of a significant commercial airplane
18 manufacturing program in the state under RCW 82.32.850 has been sited
19 outside the state of Washington. This subsection (11)(e)(ii) only
20 applies to the manufacturing or sale of commercial airplanes that are
21 the basis of a siting of a significant commercial airplane
22 manufacturing program in the state under RCW 82.32.850.

23 (f) Beginning with taxes due and payable in calendar year 2016, a
24 taxpayer may not claim the preferential rates under this subsection
25 (11) for taxes due and payable during the calendar year if the wage
26 ratio of the taxpayer does not equal one. The department, in
27 collaboration with the employment security department, must make this
28 determination and notify affected taxpayers, to the extent possible,
29 by January 1st of each year. Taxpayers disallowed from claiming the
30 preferential rates under (a)(ii) of this subsection (11) during any
31 calendar year may claim the preferential rates in subsequent calendar
32 years if the wage ratio requirement under this subsection (11)(f) is
33 met for those calendar years. This subsection (11)(f) applies to a
34 taxpayer only if: (i) The taxpayer files on a monthly or quarterly
35 basis; and (ii) the taxpayer claimed a preferential rate under
36 (a)(ii) of this subsection (11) and reported wage data to the
37 employment security department for the entire twelve-month period
38 ending on September 30th, as described in section 3 of this act.
39 "Wage ratio" has the meaning provided in section 3 of this act.

1 (12)(a) Until July 1, 2024, upon every person engaging within
2 this state in the business of extracting timber or extracting for
3 hire timber; as to such persons the amount of tax with respect to the
4 business is, in the case of extractors, equal to the value of
5 products, including by-products, extracted, or in the case of
6 extractors for hire, equal to the gross income of the business,
7 multiplied by the rate of 0.4235 percent from July 1, 2006, through
8 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
9 2024.

10 (b) Until July 1, 2024, upon every person engaging within this
11 state in the business of manufacturing or processing for hire: (i)
12 Timber into timber products or wood products; or (ii) timber products
13 into other timber products or wood products; as to such persons the
14 amount of the tax with respect to the business is, in the case of
15 manufacturers, equal to the value of products, including by-products,
16 manufactured, or in the case of processors for hire, equal to the
17 gross income of the business, multiplied by the rate of 0.4235
18 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent
19 from July 1, 2007, through June 30, 2024.

20 (c) Until July 1, 2024, upon every person engaging within this
21 state in the business of selling at wholesale: (i) Timber extracted
22 by that person; (ii) timber products manufactured by that person from
23 timber or other timber products; or (iii) wood products manufactured
24 by that person from timber or timber products; as to such persons the
25 amount of the tax with respect to the business is equal to the gross
26 proceeds of sales of the timber, timber products, or wood products
27 multiplied by the rate of 0.4235 percent from July 1, 2006, through
28 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
29 2024.

30 (d) Until July 1, 2024, upon every person engaging within this
31 state in the business of selling standing timber; as to such persons
32 the amount of the tax with respect to the business is equal to the
33 gross income of the business multiplied by the rate of 0.2904
34 percent. For purposes of this subsection (12)(d), "selling standing
35 timber" means the sale of timber apart from the land, where the buyer
36 is required to sever the timber within thirty months from the date of
37 the original contract, regardless of the method of payment for the
38 timber and whether title to the timber transfers before, upon, or
39 after severance.

1 (e) For purposes of this subsection, the following definitions
2 apply:

3 (i) "Biocomposite surface products" means surface material
4 products containing, by weight or volume, more than fifty percent
5 recycled paper and that also use nonpetroleum-based phenolic resin as
6 a bonding agent.

7 (ii) "Paper and paper products" means products made of interwoven
8 cellulosic fibers held together largely by hydrogen bonding. "Paper
9 and paper products" includes newsprint; office, printing, fine, and
10 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
11 kraft bag, construction, and other kraft industrial papers;
12 paperboard, liquid packaging containers, containerboard, corrugated,
13 and solid-fiber containers including linerboard and corrugated
14 medium; and related types of cellulosic products containing
15 primarily, by weight or volume, cellulosic materials. "Paper and
16 paper products" does not include books, newspapers, magazines,
17 periodicals, and other printed publications, advertising materials,
18 calendars, and similar types of printed materials.

19 (iii) "Recycled paper" means paper and paper products having
20 fifty percent or more of their fiber content that comes from
21 postconsumer waste. For purposes of this subsection (12)(e)(iii),
22 "postconsumer waste" means a finished material that would normally be
23 disposed of as solid waste, having completed its life cycle as a
24 consumer item.

25 (iv) "Timber" means forest trees, standing or down, on privately
26 or publicly owned land. "Timber" does not include Christmas trees
27 that are cultivated by agricultural methods or short-rotation
28 hardwoods as defined in RCW 84.33.035.

29 (v) "Timber products" means:

30 (A) Logs, wood chips, sawdust, wood waste, and similar products
31 obtained wholly from the processing of timber, short-rotation
32 hardwoods as defined in RCW 84.33.035, or both;

33 (B) Pulp, including market pulp and pulp derived from recovered
34 paper or paper products; and

35 (C) Recycled paper, but only when used in the manufacture of
36 biocomposite surface products.

37 (vi) "Wood products" means paper and paper products; dimensional
38 lumber; engineered wood products such as particleboard, oriented
39 strand board, medium density fiberboard, and plywood; wood doors;
40 wood windows; and biocomposite surface products.

1 (f) Except for small harvesters as defined in RCW 84.33.035, a
2 person reporting under the tax rate provided in this subsection (12)
3 must file a complete annual survey with the department under RCW
4 82.32.585.

5 (13) Upon every person engaging within this state in inspecting,
6 testing, labeling, and storing canned salmon owned by another person,
7 as to such persons, the amount of tax with respect to such activities
8 is equal to the gross income derived from such activities multiplied
9 by the rate of 0.484 percent.

10 (14)(a) Upon every person engaging within this state in the
11 business of printing a newspaper, publishing a newspaper, or both,
12 the amount of tax on such business is equal to the gross income of
13 the business multiplied by the rate of 0.2904 percent.

14 (b) A person reporting under the tax rate provided in this
15 subsection (14) must file a complete annual report with the
16 department under RCW 82.32.534.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 The definitions in this section apply to this section and RCW
20 82.04.260(11).

21 (1) "Qualifying wage standard" means eighty percent of the state
22 median wage for the determination made by the department under RCW
23 82.04.260(11)(f) in 2015, ninety percent of the state median wage for
24 the determination made by the department in 2016, and one hundred
25 percent of the state median wage for the determination made by the
26 department in 2017 and every year thereafter.

27 (2) "State median wage" means the most recent median hourly wage
28 for all Washington state occupations as published by the United
29 States bureau of labor statistics, occupational employment statistics
30 program.

31 (3) "Wage data" means wage amounts reported to the employment
32 security department by an employer.

33 (4) "Wage ratio" means the fraction of employees of an employer
34 earning at least the qualifying wage standard for the twelve-month
35 period ending on September 30th. The determination includes only
36 employees for which wage data has been reported by the employer to
37 the employment security department for at least thirty-six months
38 through September 30th. The wage data used in the determination under
39 this subsection (4) is not subject to the confidentiality provisions

1 of RCW 50.13.020 or 82.32.330 and may be disclosed to the public upon
2 request as long as names, social security numbers, addresses, and any
3 details identifying an individual or employer are deleted.

4 **Sec. 4.** RCW 82.04.4461 and 2013 3rd sp.s. c 2 s 9 are each
5 amended to read as follows:

6 (1)(a)(i) In computing the tax imposed under this chapter, a
7 credit is allowed for each person for qualified aerospace product
8 development. For a person who is a manufacturer or processor for hire
9 of commercial airplanes or components of such airplanes, credit may
10 be earned for expenditures occurring after December 1, 2003. For all
11 other persons, credit may be earned only for expenditures occurring
12 after June 30, 2008.

13 (ii) For purposes of this subsection, "commercial airplane" and
14 "component" have the same meanings as provided in RCW 82.32.550.

15 (b) Before July 1, 2005, any credits earned under this section
16 must be accrued and carried forward and may not be used until July 1,
17 2005. These carryover credits may be used at any time thereafter, and
18 may be carried over until used. Refunds may not be granted in the
19 place of a credit.

20 (2) The credit is equal to the amount of qualified aerospace
21 product development expenditures of a person, multiplied by the rate
22 of 1.5 percent.

23 (3) Beginning with taxes due and payable in calendar year 2016, a
24 taxpayer may not claim the credit under this section if the taxpayer
25 is disallowed from claiming the preferential rate under RCW
26 82.04.260(11)(a)(ii) due to RCW 82.04.260(11)(f). The department must
27 notify affected taxpayers, to the extent possible, by January 1st of
28 each year. Taxpayers disallowed from claiming the credit under this
29 subsection (3) during a calendar year may claim the credit in
30 subsequent calendar years if the wage ratio requirement under RCW
31 82.04.260(11)(f) is met for those calendar years.

32 (4) Except as provided in subsection (1)(b) of this section the
33 credit must be claimed against taxes due for the same calendar year
34 in which the qualified aerospace product development expenditures are
35 incurred. Credit earned on or after July 1, 2005, may not be carried
36 over. The credit for each calendar year may not exceed the amount of
37 tax otherwise due under this chapter for the calendar year. Refunds
38 may not be granted in the place of a credit.

1 (~~(4)~~) (5) Any person claiming the credit must file a form
2 prescribed by the department that must include the amount of the
3 credit claimed, an estimate of the anticipated aerospace product
4 development expenditures during the calendar year for which the
5 credit is claimed, an estimate of the taxable amount during the
6 calendar year for which the credit is claimed, and such additional
7 information as the department may prescribe.

8 (~~(5)~~) (6) The definitions in this subsection apply throughout
9 this section.

10 (a) "Aerospace product" has the meaning given in RCW 82.08.975.

11 (b) "Aerospace product development" means research, design, and
12 engineering activities performed in relation to the development of an
13 aerospace product or of a product line, model, or model derivative of
14 an aerospace product, including prototype development, testing, and
15 certification. The term includes the discovery of technological
16 information, the translating of technological information into new or
17 improved products, processes, techniques, formulas, or inventions,
18 and the adaptation of existing products and models into new products
19 or new models, or derivatives of products or models. The term does
20 not include manufacturing activities or other production-oriented
21 activities, however the term does include tool design and engineering
22 design for the manufacturing process. The term does not include
23 surveys and studies, social science and humanities research, market
24 research or testing, quality control, sale promotion and service,
25 computer software developed for internal use, and research in areas
26 such as improved style, taste, and seasonal design.

27 (c) "Qualified aerospace product development" means aerospace
28 product development performed within this state.

29 (d) "Qualified aerospace product development expenditures" means
30 operating expenses, including wages, compensation of a proprietor or
31 a partner in a partnership as determined by the department, benefits,
32 supplies, and computer expenses, directly incurred in qualified
33 aerospace product development by a person claiming the credit
34 provided in this section. The term does not include amounts paid to a
35 person or to the state and any of its departments and institutions,
36 other than a public educational or research institution to conduct
37 qualified aerospace product development. The term does not include
38 capital costs and overhead, such as expenses for land, structures, or
39 depreciable property.

1 (e) "Taxable amount" means the taxable amount subject to the tax
2 imposed in this chapter required to be reported on the person's tax
3 returns during the year in which the credit is claimed, less any
4 taxable amount for which a credit is allowed under RCW 82.04.440.

5 ~~((+6))~~ (7) In addition to all other requirements under this
6 title, a person claiming the credit under this section must file a
7 complete annual report with the department under RCW 82.32.534.

8 ~~((+7))~~ (8) Credit may not be claimed for expenditures for which
9 a credit is claimed under RCW 82.04.4452.

10 ~~((+8))~~ (9) This section expires July 1, 2040.

11 **Sec. 5.** RCW 82.32.534 and 2014 c 97 s 102 are each amended to
12 read as follows:

13 (1)(a) Every person claiming a tax preference that requires a
14 report under this section must file a complete annual report with the
15 department. The report is due by April 30th of the year following any
16 calendar year in which a person becomes eligible to claim the tax
17 preference that requires a report under this section. The department
18 may extend the due date for timely filing of annual reports under
19 this section as provided in RCW 82.32.590.

20 (b) The report must include information detailing employment,
21 wages, and employer-provided health and retirement benefits for
22 employment positions in Washington for the year that the tax
23 preference was claimed. ~~((However, persons engaged in manufacturing
24 commercial airplanes or components of such airplanes may report
25 employment, wage, and benefit information per job at the
26 manufacturing site for the year that the tax preference was
27 claimed.))~~ The report ~~((must))~~ may not include names of employees.
28 The report must also detail employment by the total number of full-
29 time, part-time, and temporary positions for the year that the tax
30 preference was claimed.

31 (c) Persons receiving the benefit of the tax preference provided
32 by RCW 82.16.0421 or claiming any of the tax preferences provided by
33 RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, or 82.12.022(5)
34 must indicate on the annual report the quantity of product produced
35 in this state during the time period covered by the report.

36 (d) If a person filing a report under this section did not file a
37 report with the department in the previous calendar year, the report
38 filed under this section must also include employment, wage, and

1 benefit information for the calendar year immediately preceding the
2 calendar year for which a tax preference was claimed.

3 (2) As part of the annual report, the department may request
4 additional information necessary to measure the results of, or
5 determine eligibility for, the tax preference.

6 (3) Other than information requested under subsection (2) of this
7 section, the information contained in an annual report filed under
8 this section is not subject to the confidentiality provisions of RCW
9 82.32.330 and may be disclosed to the public upon request.

10 (4) Except as otherwise provided by law, if a person claims a tax
11 preference that requires an annual report under this section but
12 fails to submit a complete report by the due date or any extension
13 under RCW 82.32.590, the department must declare the amount of the
14 tax preference claimed for the previous calendar year to be
15 immediately due and payable. The department must assess interest, but
16 not penalties, on the amounts due under this subsection. The interest
17 must be assessed at the rate provided for delinquent taxes under this
18 chapter, retroactively to the date the tax preference was claimed,
19 and accrues until the taxes for which the tax preference was claimed
20 are repaid. Amounts due under this subsection are not subject to the
21 confidentiality provisions of RCW 82.32.330 and may be disclosed to
22 the public upon request.

23 (5) The department must use the information from this section to
24 prepare summary descriptive statistics by category. No fewer than
25 three taxpayers may be included in any category. The department must
26 report these statistics to the legislature each year by December 1st.

27 (6) For the purposes of this section:

28 (a) "Person" has the meaning provided in RCW 82.04.030 and also
29 includes the state and its departments and institutions.

30 (b) "Tax preference" has the meaning provided in RCW 43.136.021
31 and includes only the tax preferences requiring a survey under this
32 section.

33 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.32
34 RCW to read as follows:

35 Increases in state general fund revenue collections resulting
36 from the changes made in this act must be used for state services
37 that aid low-income individuals.

1 NEW SECTION. **Sec. 7.** This act may be known and cited as the
2 aerospace tax incentive accountability act.

3 NEW SECTION. **Sec. 8.** Section 2 of this act is necessary for the
4 immediate preservation of the public peace, health, or safety, or
5 support of the state government and its existing public institutions,
6 and takes effect July 1, 2015.

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