

---

SENATE BILL 6025

---

State of Washington                      64th Legislature                      2015 Regular Session

By Senators Lias, Pearson, and Hargrove

Read first time 02/18/15. Referred to Committee on Ways & Means.

1            AN ACT Relating to tax incentives for producers of cross-  
2 laminated timber products; adding a new section to chapter 82.08 RCW;  
3 adding a new section to chapter 82.12 RCW; adding a new section to  
4 chapter 82.04 RCW; creating new sections; providing an effective  
5 date; and providing expiration dates.

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

7            NEW SECTION.    **Sec. 1.** The legislature finds that maintaining a  
8 strong and sustainable wood products industry is vital to communities  
9 dependent on our state's timber. The legislature intends to support  
10 rural communities that have faced economic hardships due to declines  
11 in harvest volume and sawmills. The legislature also intends to  
12 support timber-dependent communities that have suffered natural  
13 disasters, in particular, the town of Darrington in the wake of the  
14 state route number 530 landslide tragedy. To these ends, it is the  
15 intent of the legislature to provide opportunities for new  
16 sustainable wood products industries to develop in our state. A  
17 viable forest-based economy will revitalize our timber-dependent  
18 communities, protect our state's natural resources, and reduce  
19 statewide greenhouse gas emissions at all phases of the forest  
20 product lifecycle.

1        NEW SECTION.        **Sec. 2.**        This section is the tax preference  
2 performance statement for the tax preferences contained in this act.  
3 This performance statement is only intended to be used for subsequent  
4 evaluation of the tax preference. It is not intended to create a  
5 private right of action by any party or be used to determine  
6 eligibility for preferential tax treatment.

7        (1) The legislature categorizes this tax preference as one  
8 intended to create jobs as indicated in RCW 82.32.808(2)(c).

9        (2) It is the legislature's specific public policy objective to  
10 create jobs in the timber industry. It is the legislature's intent to  
11 provide tax incentives to help cross-laminated timber products start  
12 a thriving industry in this state.

13        (3) The tax incentives in this act are intended to not continue  
14 after the expiration date.

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

17        (1) The tax levied by RCW 82.08.020 does not apply to the sale of  
18 or charge made for:

19        (a) Labor and services rendered in respect to the constructing of  
20 qualified new structures, and expansion or renovation of qualified  
21 existing structures, for the purpose of manufacturing cross-laminated  
22 timber products;

23        (b) Materials that will be incorporated as an ingredient or  
24 component of new or existing structures during the course of such  
25 constructing, expanding, or renovating; and

26        (c) Machinery and equipment that is required to manufacture  
27 cross-laminated timber products.

28        (2) Sellers making tax exempt sales under this section must  
29 obtain from the purchaser an exemption certificate in a form and  
30 manner prescribed by the department. The seller must retain a copy of  
31 the certificate for the seller's files.

32        (3) The definitions in this subsection apply throughout this  
33 section unless the context clearly requires otherwise.

34        (a) "Cross-laminated timber products" means panels consisting of  
35 several layers of lumber boards stacked crosswise and glued or  
36 otherwise attached together.

37        (b)(i) "Machinery and equipment" means industrial fixtures,  
38 devices, and support facilities that are integral and necessary to  
39 manufacture cross-laminated timber products.

1 (ii) "Machinery and equipment" does not include: (A) Hand-powered  
2 tools; (B) property with a useful life of less than one year; (C)  
3 repair parts required to restore machinery and equipment to normal  
4 working order; (D) replacement parts that do not increase  
5 productivity, improve efficiency, or extend the useful life of  
6 machinery and equipment; (E) buildings; or (F) building fixtures that  
7 are not integral and necessary to manufacture cross-laminated timber  
8 products that are permanently affixed to and become a physical part  
9 of a building.

10 (c) "Qualified new structures" and "qualified existing  
11 structures" means structures used primarily to manufacture cross-  
12 laminated timber products located in the areas described in  
13 subsection (4) of this section.

14 (4) Only three qualified new structures or qualified existing  
15 structures may qualify for the exemption in this section. Qualifying  
16 new structures or qualifying existing structures may only be located  
17 in the following areas:

18 (a) West of the Puget Sound;

19 (b) Within thirty miles of a disaster area declared by the  
20 president of the United States in April 2014; and

21 (c) East of the Cascade range.

22 (5) To qualify for the exemption in this section and in section 4  
23 of this act, a person must submit an application to the department in  
24 a form and manner required by the department. Applications that meet  
25 the qualifying conditions must be approved on a first in time basis.

26 (6) This section expires July 1, 2025.

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

29 (1) The tax levied by RCW 82.12.020 does not apply to the use of:

30 (a) Materials that will be incorporated as an ingredient or  
31 component of qualified new or existing structures during the course  
32 of the constructing of qualified new structures, or expansion or  
33 renovation of qualified existing structures, for the purpose of  
34 manufacturing cross-laminated timber products; and

35 (b) Machinery and equipment that is required to manufacture  
36 cross-laminated timber products, including labor and services  
37 rendered in respect to installing such machinery and equipment.

38 (2) The exemption in this section does not apply to the use of  
39 materials, machinery and equipment, and installation labor for

1 machinery and equipment, when first used within this state if such  
2 materials, machinery and equipment, and installation labor occurred  
3 on or after June 30, 2025.

4 (3) The definitions and requirements in section 2 of this act  
5 apply to this section.

6 (4) This section expires July 1, 2025.

7 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.04  
8 RCW to read as follows:

9 (1) In computing the tax imposed under this chapter, a credit is  
10 allowed for all property taxes paid during the calendar year on  
11 property owned by a person qualifying for the exemption in section 3  
12 of this act.

13 (2) A person claiming the credit under this section is subject to  
14 all of the requirements of chapter 82.32 RCW. A credit earned during  
15 one calendar year may be carried over to be credited against taxes  
16 incurred in the subsequent calendar year, but may not be carried over  
17 a second year. Credits carried over must be applied to tax liability  
18 before new credits. No refunds may be granted for credits under this  
19 section.

20 (3) Credits may only be claimed for a five-year period by a  
21 person qualifying under section 3 of this act.

22 (4) A person claiming the credit provided in this section must  
23 file a complete annual report with the department under RCW  
24 82.32.534.

25 (5) This section expires July 1, 2025.

26 NEW SECTION. **Sec. 6.** This act takes effect August 1, 2015.

--- END ---