

## WA S 5977 c, Enacted - Line Item Vetoed - Interim

Washington

SUMMARY: Relates to revenue; modifies the Washington Main Street Program; provides for the intent to promote contribution to main street programs and to enhance community and economic revitalization and development of main street business districts; relates to lowering the ceiling of the business and occupation manufacturing rate; relates to tax exemption for agricultural fertilizer and seed; relates to solar silicon manufacturing, semiconductor materials manufacturing, and sales and use tax exemptions.

Changes in Bill text reflected as:

~~Text Deleted~~

*Text Added*

~~Text Vetoed~~

Current Legislative Status

06/30/2017 INTRODUCED.

06/30/2017 To SENATE Committee on WAYS AND MEANS.

06/30/2017 Executive action taken by committee.

06/30/2017 From SENATE Committee on WAYS AND MEANS: Do pass as substituted.

06/30/2017 In SENATE: Passed to RULES Committee for 2nd Reading.

06/30/2017 Placed on 2nd Reading by RULES Committee.

06/30/2017 Committee substitute adopted on SENATE floor.

06/30/2017 Rules suspended. Placed on Third Reading.

06/30/2017 Passed SENATE. \*\*\*\*\*To HOUSE.

06/30/2017 Rules suspended.

06/30/2017 Placed on Second Reading.

06/30/2017 Passed HOUSE.

06/30/2017 Eligible for GOVERNOR'S desk.

06/30/2017 \*\*\*\*\*To GOVERNOR.

07/07/2017 Line Item Vetoed by GOVERNOR.

07/07/2017 3rd Special Session Chapter No. 37

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session: Washington 2017 3rd Special Session

cite: 2017 WA S 5977 c

Enacted - Line Item Vetoed - Interim

July 7, 2017

Rossi

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5977

65th Legislature

2017 3rd Special Session

SUBSTITUTE SENATE BILL 5977

Passed Legislature - 2017 3rd Special Session

State of Washington -- 65th Legislature -- 2017 3rd Special Session

By Senate Ways & Means (originally sponsored by Senator Rossi)

READ FIRST TIME 06/30/17.

AN ACT Relating to revenue; amending RCW 82.73.020, 82.73.030, 82.04.240, 82.04.240, 82.04.280, 82.04.294, 82.04.294, 82.04.2404, 82.04.2404, 82.08.9651, 82.08.9651, 82.12.9651, 82.12.9651, 82.08.965, 82.08.965, 82.12.965, 82.12.965, 84.36.645, 84.36.645, 82.04.448, 82.04.448, 82.04.240, 82.04.240, 82.08.970, 82.08.970, 82.12.970, 82.12.970, 82.04.426, 82.04.426, 82.32.790, 82.14.050, 82.14.060, 82.16.---, 82.04.---, 82.12.022, 82.12.022, 82.85.010, 82.85.020, 82.85.040, 82.32.580, 84.34.108, 82.04.4489, 43.365.010, 82.04.050, and 82.29A.120; reenacting and amending RCW 82.32.790, 82.32.790, 84.33.140, and 82.29A.130; adding a new section to chapter 82.73 RCW; adding new sections to chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding new sections to chapter 82.32 RCW; adding a new section to chapter 82.16 RCW; creating new sections; providing effective dates; providing a contingent effective date; providing expiration dates; providing contingent expiration dates; and declaring an emergency.

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

\*\*\*\*\* TEXT OMITTED, DOES NOT PERTAIN TO FILM \*\*\*\*\*

NEW SECTION. Sec. 1003. The provisions of RCW 82.32.805 and 82.32.808 do not apply to this part.

Part XI

Modifying Washington's Motion Picture and Film Industries Tax Credit

NEW SECTION. Sec. 1101. (1) This section is the tax preference performance statement for the tax preferences contained in section 1102, chapter . . . , Laws of 2017 3rd sp. sess. (section 1102 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these tax preferences as ones intended to create or retain jobs as indicated in RCW 82.32.808(2)(c).

(3) It is the legislature's specific public policy objective to increase the viability of the motion picture and film industry and associated creative industries in Washington state. It is the legislature's intent to increase the credit available to qualifying activities in order to attract additional motion picture and film projects, thereby increasing family-wage jobs.

(4) If a review finds that the jobs attributable to these projects increase by at least ten percent over the jobs in the state since 2016, then the legislature intends to extend the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to data provided to the department of revenue pursuant to RCW 82.04.4489(9) and the annual survey required under RCW 43.365.040.

Sec. 1102. RCW 82.04.4489 and 2012 c 189 s 4 are each amended to read as follows:

- (1) Subject to the limitations in this section, a credit is allowed against the tax imposed under this chapter for contributions made by a person to a Washington motion picture competitiveness program.
- (2) The person must make the contribution before claiming a credit authorized under this section. Credits earned under this section may be claimed against taxes due for the calendar year in which the contribution is made. The amount of credit claimed for a reporting period may not exceed the tax otherwise due under this chapter for that reporting period. No person may claim more than ~~one million~~ **seven hundred fifty thousand** dollars of credit in any calendar year, including credit carried over from a previous calendar year. No refunds may be granted for any unused credits.
- (3) The maximum credit that may be earned for each calendar year under this section for a person is limited to the lesser of ~~one million~~ **seven hundred fifty thousand** dollars or an amount equal to one hundred percent of the contributions made by the person to a program during the calendar year.
- (4) Except as provided under subsection (5) of this section, a tax credit claimed under this section may not be carried over to another year.
- (5) Any amount of tax credit otherwise allowable under this section not claimed by the person in any calendar year may be carried over and claimed against the person's tax liability for the next succeeding calendar year. Any credit remaining unused in the next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year; and any credit not used in that second succeeding calendar year may be carried over and claimed against the person's tax liability for the third succeeding calendar year, but may not be carried over for any calendar year thereafter.
- (6) Credits are available on a first in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section during any calendar year to exceed three million five hundred thousand dollars. If this limitation is reached, the department must notify all Washington motion picture competitiveness programs that the annual statewide limit has been met. In addition, the department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of the notice. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.
- (7) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.
- (8) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.
- (9) A Washington motion picture competitiveness program must provide to the department, upon request, such information needed to verify eligibility for credit under this section, including information regarding contributions received by the program.
- (10) The department may not allow any credit under this section before July 1, 2006.
- (11) For the purposes of this section, "Washington motion picture competitiveness program" or "program" means an organization established pursuant to chapter 43.365 RCW.
- (12) No credit may be earned for contributions made on or after July 1, ~~2017~~ **2027**.

Sec. 1103. RCW 43.365.010 and 2012 c 189 s 1 are each amended to read as follows:

The ~~following~~ definitions **in this section** apply ~~to~~ **throughout** this chapter ~~;~~ unless the context clearly requires otherwise.

- (1) "Approved motion picture competitiveness program" means a nonprofit organization under the internal revenue code, section 501(c)(6), with the sole purpose of revitalizing the state's economic, cultural, and educational standing in the national and international market of motion picture production **and associated creative industries** and assisting and providing services for attracting the film industry **and associated creative industries** , by recommending and awarding financial assistance for costs associated with motion pictures in the state of Washington. (2) "Contribution" means cash contributions.
- (3) "Costs" means actual expenses of production and postproduction expended in Washington state for the production of motion pictures, including but not limited to payments made for salaries, wages, and health insurance and retirement benefits, the rental costs of machinery and equipment and the purchase of services, food, property, lodging, and permits for work conducted in Washington state.
- (4) "Department" means the department of commerce.
- (5) "Funding assistance" means cash expenditures from an approved motion picture competitiveness program.
- (6) "Motion picture" means a recorded audiovisual production intended for distribution to the public for exhibition in public and/or private settings by means of any and all delivery systems and/or delivery platforms now or hereafter known, including without limitation, screenings in motion picture theaters, broadcasts and cablecast transmissions for viewing on televisions, computer screens, and other audiovisual receivers, viewings on screens by means of digital video disc (DVD) players, video on demand (VOD) services, and digital video recording (DVR) services, direct internet transmission, and viewing on digital computer-based systems which respond to the users' actions (interactive media).
- (7) "Person" has the same meaning as provided in RCW 82.04.030.

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