

Summary of Legislative Actions Regarding Tax Preferences: 2022 Legislative Session

The Legislature adjourned on March 10. The following tables show the bills that were passed by the Legislature and signed into law by the Governor. Information provided includes:

- Four bills implementing Legislative Auditor recommendations.
- A bill implementing two Legislative Auditor recommendations after the preferences initially expired.
- Three bills related to future JLARC reviews.
- 15 bills that either created new preferences, or expanded or amended existing preferences.

Implements JLARC recommendation

Bill #	Preference Name	Performance Statement/JLARC assignment
HB 1765	Health benefit exchange Implements the LA recommendation from 2021 report to remove the expiration date.	Bill title noted it was to ensure the sustainability and vitality of the Washington Health Benefit Exchange.
2SHB 1814	Community solar projects Implements a 2021 report LA recommendation by creating a new PUT credit for power and light businesses that make payments to community solar projects that meet certain criteria. Also modifies current PUT credit to detail types of incentive payments eligible for credits and extends the expiration date.	Amended preference specifically exempt from 82.32.808, which requires new, expanded or extended preferences have performance statements.
ESHB 1846	Data center equipment Implements a 2016 LA recommendation to continue the preference by extending the current preference to all up to six new exemption certificates at rural data centers per year, and expanding the preference to cover refurbishments.	JLARC review to determine if preference: Generates capital investment in new, refurbished, or existing data centers; Generates state/local tax collections from data center investment and operations; and Generates or maintains construction or trade jobs in the state.
ESB 5849	Solar energy and silicon product manufacturers Implements a 2016 LA recommendation to review and clarify by extending the expiration date, providing a performance statement, and adding metrics to measure the preference's effectiveness.	If a review finds the number of people employed by solar silicon industry in WA is the same or more than in 2019 and that at least 60% of employees earn \$60,000 or more a year, then the Legislature intends to extend the expiration date.

Implements JLARC recommendation after preferences expired

Bill #	Preference Name	Performance Statement/JLARC assignment
HB 1641	Custom farming; Hauling farm products for related parties Implements LA recommendations for two 2018 preference reviews after the preferences expired in 2020.	Implements LA recommendations to add performance statements, specify public policy objectives, and eliminate expiration dates.

Bills related to current or future JLARC reviews

Bill #	Preference Name	Performance Statement/JLARC assignment
ESHB 1914	Motion picture program contributions Bill extends the program expiration date from 2027 to 2030, increases individual award from \$750,000 to \$1 million, and increases the statewide credit cap from 3.5 million to \$15 million yearly.	JLARC to report on effectiveness of program, including state revenue generated, amount and number of family-wage jobs with benefits created, adherence to criteria in RCW 43.365.020, changes in Washington's share of film employment market.
ESB 5849	Targeted urban construction Removes restriction that land had to have been in a city-zoned area as of 12/31/2014.	JLARC reviewed preference in 2021; scheduled for review in 2028.
SSB 5910	Electric vehicle battery charging stations preferences (sales and use, LET) Expands current exemptions for EV charging stations and infrastructure to include green electrolytic hydrogen production facilities.	JLARC reviewed preferences in 2017. Proposed for review in 2024.

New, expanded, or amended preferences

Bill #	Preference Name	Performance Statement/JLARC Assignment
E2SHB 1015	Equitable access to credit Creates new B&O credit for contributions made to equitable access to credit program established in 2022.	Legislature will extend past 2031 expiration date if program has net positive impact in investment in communities historically underserved by credit and on state and local tax revenues. JLARC is provided six metrics.
ESHB 1643	Low income housing sales/ transfers Provides REET exemption for qualifying sales/transfers of real property to a qualifying grantee to use for low income housing. Qualified grantees include certain nonprofits or qualified cooperatives, housing authorities, counties, or municipal organizations.	If a review finds the number of sales or transfers of real property to qualified entities has not increased, then the Legislature intends to repeal the expiration date of the tax preference.
ESHB 1846	Urban county data centers Creates new sales/use tax exemption for equipment, installation, construction of eligible infrastructure for data centers located in an urban county (King, Pierce, Snohomish). No new exemption certificates issued after 7/1/2028.	JLARC review to determine if preference: Generates capital investment in new, refurbished, or existing data centers; Generates state/local tax collections from data center investment and operations; and Generates or maintains construction or trade jobs in the state.
2SHB 1988	Clean technology tax deferral Creates new sales/use tax deferral for certain investments in clean technology manufacturing, clean alt fuel production and renewable energy storage. Waiver of 50%, 75% or 100% of waived taxes if project follows certain labor practices set in bill. Projects must have at least \$2 million in new, renovated, expanded manufacturing of clean tech products, such as zero emission vehicles.	Review must evaluate five different metrics. The Legislature stated the 1/01/2033 expiration date will not change based on findings of the review.

New, expanded, or amended preferences

Bill #	Preference Name/ Brief Summary	Performance Statement/JLARC Assignment
	SR 167, I-405 corridor deferral	
EHB 1990	Creates new sales/use tax deferral for materials, labor and services for construction costs on road construction work. Repayment begins 10 years after project completion and lasts for 10 years.	Exempt from RCW 82.32.805, 82.32.808
HB 2024	Route 520 replacement bridge deferral Extends the start date for repaying deferred sales/use taxes from five to 24 years after project is completed.	Exempt from RCW 82.32.808.
	State park-owned heritage or national register historic places	
HB 2058	Creates a LET exemption for leasehold interests in facilities owned by the state parks and recreations commission that are listed as national historic or WA heritage site.	If a review finds the statewide amount of contributions made by lessees of qualifying sites has increased, then the Legislature intends to extend the expiration date.
	Farmers market on church or public assembly hall property	
SB 5505	Reinstates expired property tax exemption for property owned by a church or nonprofit where a portion is used for a farmers market for not more than 53 days/year.	Exempt from RCWs 82.32.805, 82.32.808
	Interstate toll bridge deferral	
SSB 5558	Creates a new sales/use tax deferral program on site prep, construction, acquisition of materials and equipment that become part of or will be used to build new I-5 bridge over Columbia River. Repayment begins 5 years after project is operationally complete and lasts for 10 years.	Exempt for RCWs 82.32.805, 82.32.808
	Limited equity cooperative housing	
SB 5713	Creates property tax exemption for real property owned by a limited equity cooperative that provides housing for low-income households if certain criteria are met. Expires January 1, 2033.	JLARC to evaluate two years prior to expiration date on three metrics. If JLARC review finds growth in formation and use of limited equity co-ops or growth in available affordable housing units within the co-ops has occurred, the Legislature intends to extend the expiration date.
	Commercial parking solar canopy deferral	
ESSB 5714	Creates a new sales/use tax deferral program for construction, and associated costs to build qualified solar canopy that is located in a qualifying commercial center. Recipient of deferral may pay a reduced amount of 50% to 100% of deferred taxes if project meets certain labor agreement practices. No new applications after June 2032.	JLARC to evaluate four different metrics detailed in performance statement.
	Underdeveloped urban land for affordable housing deferral	
E2SSB 5755	Creates a new sales and use tax deferral program for investments projects that primarily provide multifamily housing units that that will rent or sell at least 50% of units as affordable rental or housing units. Must be located "underdeveloped" land, per definition in bill. No new applications after June 2032.	JLARC to evaluate the number of increased housing units on underdeveloped property. If a review find the number of affordable housing units has not increased, the Legislature intends to repeal the preference.
	Medical provider clinics and affiliates	
ESB 5799	Provides exemption from the workforce education investment B&O tax surcharge for certain medical provider clinics and affiliates that provides administrative support to them. Expires 1/02/2033.	Preference is specifically subject to RCWs 82.32.805, 82.32.808.
	Manufacturing and R&D investment projects in targeted areas deferral	
ESB 5901	Creates new sales and use tax deferral program for projects by a light and power business for manufacturing and R&D in a county with a population less than 650,000 at the time of application. No new applications after June 2032. Taxes need not be repaid unless the facility is not operationally within five years of deferral certificate issuance or facility used for nonqualifying purposes.	JLARC to measure effect of program on job creation, number of jobs created for residents of eligible areas, company growth, and other factors.
	Small business B&O tax credit, minimum tax reporting limits	
ESSB 5980	Increases the amount of small business B&O tax credit available and increases the level of gross income for non-filing status with DOR to include all businesses with less than \$125,000 in B&O taxable income.	Exempt from RCW 82.32.805, 82.32.808. Preference specifically exempted from JLARC tax preference performance review in RCW 43.136.045(1).