
SENATE BILL 6627

State of Washington 60th Legislature 2008 Regular Session

By Senators Kastama, Rasmussen, Kilmer, Franklin, Carrell, Marr, Regala, and Shin

Read first time 01/21/08. Referred to Committee on Economic Development, Trade & Management.

1 AN ACT Relating to the international services business and
2 occupation tax credit; amending RCW 82.04.44525; and providing an
3 effective date.

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

5 **Sec. 1.** RCW 82.04.44525 and 1998 c 313 s 2 are each amended to
6 read as follows:

7 (1) Subject to the limits in this section, an eligible person is
8 allowed a credit against the tax due under this chapter. The credit is
9 based on qualified employment positions in eligible areas. The credit
10 is available to persons who are engaged in international services as
11 defined in this section. In order to receive the credit, the
12 international service activities must take place at a business within
13 the eligible area.

14 (2)(a) On or after January 1, 2009, the credit shall equal three
15 thousand dollars for each increase over the prior calendar year in
16 qualified employment positions (~~created after July 1, 1998,~~) in an
17 eligible area. (~~A~~) The credit is earned for the calendar year (~~the~~
18 ~~person is hired to fill the position~~) immediately following the

1 calendar year in which the increased qualified employment position is
2 established, plus the four subsequent consecutive years, if the
3 position is maintained for those four years.

4 ~~(b) ((Credit may not be taken for hiring of persons into positions~~
5 ~~that exist on July 1, 1998. Credit is authorized for new employees~~
6 ~~hired for new positions created after July 1, 1998. New positions~~
7 ~~filled by existing employees are eligible for the credit under this~~
8 ~~section only if the position vacated by the existing employee is filled~~
9 ~~by a new hire.~~

10 ~~(c) When a position is newly created, if it is filled before July~~
11 ~~1st, this position is eligible for the full yearly credit. If it is~~
12 ~~filled after June 30th, this position is eligible for half of the~~
13 ~~credit)) The number of qualified employment positions is determined by~~
14 ~~dividing the total hours spent providing international services by all~~
15 ~~of an eligible person's employees by 1820. A single qualified~~
16 ~~employment position is created for each full increment of 1820 such~~
17 ~~work hours in a calendar year.~~

18 ~~((+d)) (3) Credit under this section may not be claimed against~~
19 ~~taxes due for periods before the calendar year for which the credit was~~
20 ~~earned. Credit may be accrued and carried over until it is used. No~~
21 ~~refunds may be granted for credits under this section.~~

22 ~~((+3)) (4) For the purposes of this section:~~

23 (a) "Eligible area" means: (i) A community empowerment zone under
24 RCW ~~((43.63A.700))~~ 43.31C.020; or (ii) a contiguous group of census
25 tracts that meets the unemployment and poverty criteria of RCW
26 ~~((43.63A.710))~~ 43.31C.030 and is designated under subsection ~~((+4))~~
27 (5) of this section;

28 (b) "Eligible person" means a person, as defined in RCW 82.04.030,
29 who in an eligible area at a specific location is engaged in the
30 business of providing international services;

31 (c)(i) "International services" means the provision of ~~((a))~~ an
32 eligible service, as defined under (c)(iii) of this subsection, that is
33 subject to tax under RCW 82.04.290(2), and either:

34 (A) Is for a person domiciled outside the United States; or

35 (B) The service itself is for use primarily outside of the United
36 States.

37 (ii) "International services" excludes any service taxable under
38 RCW 82.04.290(1).

1 (iii) Eligible services are: Computer; data processing;
2 information; legal; accounting and tax preparation; engineering;
3 architectural; business consulting; business management; public
4 relations and advertising; surveying; geological consulting; real
5 estate appraisal; or financial services. For the purposes of this
6 section these services mean the following:

7 (A) "Computer services" are services such as computer programming,
8 custom software modification, customization of canned software, custom
9 software installation, custom software maintenance, custom software
10 repair, training in the use of software, computer systems design, and
11 custom software update services;

12 (B) "Data processing services" are services such as word
13 processing, data entry, data retrieval, data search, information
14 compilation, payroll processing, business accounts processing, data
15 production, and other computerized data and information storage or
16 manipulation. "Data processing services" also includes the use of a
17 computer or computer time for data processing whether the processing is
18 performed by the provider of the computer or by the purchaser or other
19 beneficiary of the service;

20 (C) "Information services" are services such as electronic data
21 retrieval or research that entails furnishing financial or legal
22 information, data or research, internet service as defined in RCW
23 82.04.297, general or specialized news, or current information;

24 (D) "Legal services" are services such as representation by an
25 attorney, or other person when permitted, in an administrative or legal
26 proceeding, legal drafting, paralegal services, legal research
27 services, and court reporting services, arbitration, and mediation
28 services;

29 (E) "Accounting and tax preparation services" are services such as
30 accounting, auditing, actuarial, bookkeeping, or tax preparation
31 services;

32 (F) "Engineering services" are services such as civil, electrical,
33 mechanical, petroleum, marine, nuclear, and design engineering, machine
34 designing, machine tool designing, and sewage disposal system designing
35 services;

36 (G) "Architectural services" are services such as structural or
37 landscape design or architecture, interior design, building design,
38 building program management, and space planning services;

1 (H) "Business consulting services" are services such as primarily
2 providing operating counsel, advice, or assistance to the management or
3 owner of any business, private, nonprofit, or public organization,
4 including but not limited to those in the following areas:
5 Administrative management consulting; general management consulting;
6 human resource consulting or training; management engineering
7 consulting; management information systems consulting; manufacturing
8 management consulting; marketing consulting; operations research
9 consulting; personnel management consulting; physical distribution
10 consulting; site location consulting; economic consulting; motel,
11 hotel, and resort consulting; restaurant consulting; government affairs
12 consulting; and lobbying;

13 (I) "Business management services" are services such as
14 administrative management, business management, and office management.
15 "Business management services" does not include property management or
16 property leasing, motel, hotel, and resort management, or automobile
17 parking management;

18 (J) "Public relations and advertising services" are services such
19 as layout, art direction, graphic design, copy writing, mechanical
20 preparation, opinion research, marketing research, marketing, or
21 production supervision;

22 (K) "Surveying services" are services such as land surveying;

23 (L) "Geological consulting services" are services rendered for the
24 oil, gas, and mining industry and other earth resource industries, and
25 other services such as soil testing;

26 (M) "Real estate appraisal services" are services such as market
27 appraisal and other real estate valuation; and

28 (N) "Financial services" are services such as banking, loan,
29 security, investment management, investment advisory, mortgage
30 servicing, contract collection, and finance leasing services, engaged
31 in by financial businesses, or businesses similar to or in competition
32 with financial businesses; and

33 ~~((d) "Qualified employment position" means a permanent full time~~
34 ~~position to provide international services. If an employee is either~~
35 ~~voluntarily or involuntarily separated from employment, the employment~~
36 ~~position is considered filled on a full time basis if the employer is~~
37 ~~either training or actively recruiting a replacement employee.~~

1 ~~(4)~~) (5) By ordinance, the legislative authority of a city, or
2 legislative authorities of contiguous cities by ordinance of each
3 city's legislative authority, with population greater than eighty
4 thousand, located in a county containing no community empowerment zones
5 as designated under RCW (~~(43.63A.700)~~) 43.31C.020, may designate a
6 contiguous group of census tracts within the city or cities as an
7 eligible area under this section. Each of the census tracts must meet
8 the unemployment and poverty criteria of RCW (~~(43.63A.710)~~) 43.31C.030.
9 Upon making the designation, the city or cities shall transmit to the
10 department of revenue a certification letter and a map, each explicitly
11 describing the boundaries of the census tract. This designation must
12 be made by December 31, 1998.

13 ~~((5))~~ (6) No application is necessary for the tax credit. The
14 person must keep records necessary for the department to verify
15 eligibility under this section. This information includes:

16 (a) Employment records for the previous six years;

17 (b) Information relating to description of international service
18 activity engaged in at the eligible location by the person; ~~((and))~~

19 (c) Records showing the number of work hours performed by employees
20 of the eligible person while providing international services; and

21 (d) Information relating to customers of international service
22 activity engaged in at that location by the person.

23 ~~((6))~~ (7) If at any time the department finds that a person is
24 not eligible for tax credit under this section, the amount of taxes for
25 which a credit has been used shall be immediately due. The department
26 shall assess interest, but not penalties, on the credited taxes for
27 which the person is not eligible. The interest shall be assessed at
28 the rate provided for delinquent excise taxes under chapter 82.32 RCW,
29 shall be assessed retroactively to the date the tax credit was taken,
30 and shall accrue until the taxes for which a credit has been used are
31 repaid.

32 ~~((7))~~ (8) The employment security department shall provide to the
33 department of revenue such information needed by the department of
34 revenue to verify eligibility under this section.

35 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2009.

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