
Ways & Means Committee

HB 1682

Brief Description: Providing a business and occupation tax credit for newly hired aerospace apprentices.

Sponsors: Representatives Probst, Warnick, Dunshee, Sells, Hurst, Maxwell, Ormsby and Kelley.

Brief Summary of Bill

- Allows a business and occupation tax credit for new jobs in the manufacturing of commercial airplanes, components, and tooling when the jobs are filled by permanent full-time apprentices.

Hearing Date: 2/22/11

Staff: Rick Peterson (786-7150).

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.8 percent for professional and personal services, and activities not classified elsewhere.

A number of tax credits are available under the B&O tax: a jobs tax credit for new jobs in rural counties in manufacturing, commercial testing laboratories, and research and development; a credit for spending on research and development in high technology industries; a credit for preproduction development spending for commercial airplanes, components, and tooling; a credit for property tax or leasehold tax on a new buildings for commercial airplanes, components, and tooling; a credit for sales of electricity, natural gas, or manufactured gas to aluminum smelters; a

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credit for the state portion of sales tax paid on materials used in an aluminum smelter; a credit for the property tax paid on an aluminum smelter; a credit for forest-derived biomass used for production of electricity, steam, heat, or biofuel; a credit for spending on customized training at community and technical colleges; a credit for job training spending by firms eligible for the distressed area sales tax deferral/exemption program; a credit for contributions to designated revitalization programs and the main street trust fund; and a job creation tax credit for jobs in international services.

Summary of Bill:

A business and occupation tax credit is available for newly created jobs by manufacturers of commercial airplanes, components of commercial airplanes, and commercial aircraft tooling when the jobs are filled by permanent full-time apprentices. The credit is equal to \$5,000 for each new employment position when the position pays wages and benefits as defined by the state registered standards of apprenticeship. The positions must include a health care plan.

The maximum amount of credit for any taxpayer is \$2,500 per year and may be carried forward and taken on a future tax return. Total credits for all taxpayers may not exceed \$250,000 per year. Taxpayers using the credit must file an annual report including information on employment, wages, and employer-provided health and retirement benefits.

Appropriation: None.

Fiscal Note: Requested on February 16, 2011.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.