
HOUSE BILL 2785

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Young, Haigh, Seaquist, G. Hunt, MacEwen, Smith, and Hayes

Read first time 02/10/14. Referred to Committee on Finance.

1 AN ACT Relating to providing a limited duration preferential
2 business and occupation tax rate for information technology service
3 firms located in the vicinity of federal military installations; adding
4 a new section to chapter 82.04 RCW; creating a new section; and
5 providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** This section is the tax preference
8 performance statement for the tax preference contained in this act.
9 This performance statement is only intended to be used for subsequent
10 evaluation of the tax preference. It is not intended to create a
11 private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (1) The legislature categorizes this tax preference as one intended
14 to improve industry competitiveness and create or retain jobs, as
15 indicated in RCW 82.32.808(2) (b) and (c).

16 (2) It is the legislature's specific public policy objective to
17 foster the growth of start-ups and job creating businesses in the area
18 of professional information technology services. It is the
19 legislature's intent to provide a preferential business and occupation

1 tax rate for professional information technology services in counties
2 that include a federal naval base in order to reduce the operating
3 costs for professional information technology service businesses in
4 these areas, thereby increasing the ability of these businesses to
5 expand operations in Washington, diversifying the tax base and the job
6 opportunities in these areas, improving the competitiveness of the
7 professional information technology industry, and increasing the number
8 of jobs in the professional information technology industry in
9 Washington.

10 (3) If a review by the joint legislative audit and review committee
11 finds that the number of jobs in the professional information
12 technology service industry in counties that include a federal naval
13 installation has increased by fifteen percent compared to the number of
14 jobs in the industry at the time of enactment of this act, or if the
15 committee finds that the number of professional information technology
16 service businesses in counties that include a federal naval base has
17 increased by fifteen percent compared to the number of those businesses
18 at the time of enactment, then the legislature intends to extend the
19 expiration date of the tax preference.

20 (4) In order to obtain the data necessary to perform the review in
21 subsection (3) of this section, the joint legislative audit and review
22 committee may refer to:

23 (a) The annual survey a taxpayer reporting under the tax preference
24 in this act must file with the department of revenue per RCW 82.32.585;

25 (b) Occupational data compiled by the federal bureau of labor
26 statistics; and

27 (c) Employment data available from the employment security
28 department.

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
30 to read as follows:

31 (1) Upon every person engaging within this state in the provision
32 of information technology services where such service is apportioned,
33 as provided under RCW 82.04.462(3)(b), to a county in which a naval
34 base is located; as to such persons, the amount of the tax with respect
35 to such activities is equal to the gross income of such business
36 multiplied by the rate of 0.2904 percent.

1 (2) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Information technology services" means: (i) Writing,
4 modifying, testing, and supporting software to meet the needs of a
5 particular customer; (ii) planning and designing computer systems that
6 integrate computer hardware, software, and communication technologies;
7 (iii) on-site management and operation of clients' computer systems
8 and/or data processing facilities; and (iv) other professional and
9 technical computer-related advice and services.

10 (b) "Naval base" means a base, camp, post, station, yard, center,
11 or other area under the jurisdiction of the secretary of defense that
12 is used for naval operations.

13 (3) A person claiming to be subject to the preferential tax rate
14 provided in this section must file an annual survey as provided in RCW
15 82.32.585.

16 (4) This section expires July 1, 2024.

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