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**SENATE BILL 5515**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Senators Dozier, Holy, and Padden

AN ACT Relating to encouraging economic growth by providing a state business tax credit for new employment positions in the hospitality industry; adding a new section to chapter 82.04 RCW; creating a new section; and providing an effective date.

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

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

(1) Subject to the limits and conditions in this section, an eligible person is allowed a credit against the tax due under this chapter. The credit is based on qualified employment positions in eligible areas. In order to receive the credit, the employment activities must take place at a business within the eligible area.

(2)(a) The credit is $275 for each qualified employment position created after July 1, 2022, in an eligible area. A credit is earned for the calendar year the person is hired to fill the position, plus the four subsequent consecutive years, if the position is maintained for those four years.

(b) A credit may not be taken for hiring of persons into positions that exist on July 1, 2022. A credit is authorized for new employees hired for new positions created after July 1, 2022. New positions filled by existing employees are eligible for the credit under this section only if the position vacated by the existing employee is filled by a new hire.

(c) When a position is newly created, if it is filled before July 1st, this position is eligible for the full yearly credit. If it is filled after June 30th, this position is eligible for half of the credit.

(d) Credit may be accrued and carried over until it is used. No refunds may be granted for credits under this section.

(3) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.

(4) By December 1st of each year, the department must determine eligible areas for the following calendar year. An area remains an eligible area for three consecutive years from the year the area was last determined to be an eligible area. Qualified employment positions created prior to any calendar year in which an area is later determined to be ineligible under this subsection continue to earn credit as provided under subsection (2)(a) of this section.

(5) If at any time the department finds that a person is not eligible for tax credit under this section, the amount of taxes for which a credit has been claimed is immediately due. The department must assess interest, but not penalties, on the credited taxes for which the person is not eligible. The interest must be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, must be assessed retroactively to the date the tax credit was taken, and must accrue until the taxes for which a credit has been used are repaid.

(6) The employment security department must provide the department any information needed by the department to verify eligibility under this section.

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

(a) "Accommodation services" means the provision of lodging or short-term accommodations for travelers, vacationers, or others, and includes hotels, casino hotels, resorts, motels, and bed and breakfast inns.

(b) "Amusement and recreation services" means the operation of a variety of attractions, such as mechanical rides, water rides, games, shows, theme exhibits, refreshment stands, picnic grounds, golf courses, country clubs, skiing facilities, marinas, fitness and recreational sports centers, bowling centers, casinos, bingo halls, as well as the operation of other similar amusement and recreation attractions or facilities.

(c) "Average annual wage for the county" is the average annual wage reported by the employment security department in its quarterly census of employment and wages for the calendar year prior to the year of employment.

(d) "Eligible area" means a county in which the county unemployment rate is at least 25 percent greater than the statewide unemployment rate.

(e) "Eligible person" means a person who in an eligible area at a specific location is engaged in business activities.

(f) "Food services" means the provision of meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption and includes full-service restaurants, limited-service restaurants, cafeterias, and snack and beverage bars.

(g) "Hospitality industry" means a business engaged in providing accommodation services, food services, amusement and recreation services, or any combination of such services.

(h) "Qualified employment position" means a permanent full-time position for the eligible person in the hospitality industry with annual wages exceeding the average annual wage for the county. If an employee is either voluntarily or involuntarily separated from employment, the employment position is considered filled on a full-time basis if the employer is either training or actively recruiting a replacement employee.

(i) "Unemployment rate" means the unemployment rate for the state and counties provided by the employment security department in the Washington state seasonally adjusted monthly employment report for September of the prior year; however, for employment positions created between July 1, 2022, and December 31, 2022, the monthly employment report for April must be used.

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

NEW SECTION. **Sec.**  This act takes effect July 1, 2022.

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