
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2342

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Finance (originally sponsored by Representatives Van Luven, McDonald, Regala, Talcott, Huff, Conway, Lantz, Fisher, Gardner, Anderson, Lambert and Boldt)

Read first time 02/09/98. Referred to Committee on .

1 AN ACT Relating to international services; adding a new section to
2 chapter 82.04 RCW; adding a new section to chapter 48.14 RCW; and
3 providing an effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1) There may be credited against the tax imposed by this chapter,
8 an amount equal to five percent of the qualified payroll, by a business
9 that is:

10 (a) Located within a designated community empowerment zone; and

11 (b) Engaged in the business of providing selected international
12 services.

13 (2) In order to claim the tax credit under this section the
14 business must:

15 (a) Expend an amount, averaged over the most recent five-year
16 period, equal or greater than twenty percent of the tax credit on
17 training of empowerment zone employees;

18 (b) Provide internship positions in conjunction with a targeted
19 program of study offered by a local institution of higher education or

1 vocational-technical school designed to provide experience relevant to
2 the activities of the business;

3 (c) Provide summer employment opportunities in conjunction with the
4 local high schools, that is targeted to high school aged youth that
5 reside within the community empowerment zone, and that is designed to
6 provide experience relevant to the activities of the business; and

7 (d) Hire, over the most recent five-year period, at least twenty-
8 five percent of the new employees located within the designated
9 community empowerment zone from applicants who reside, at the time of
10 application, in the designated community empowerment zone and continue
11 to reside in the zone for five years after being hired. Employees who
12 pay housing rent or mortgage payments in excess of one hundred twenty
13 percent of the fair market rent, as determined under section 8 of the
14 United States housing act of 1937, as amended (42 U.S.C. Sec. 1437f),
15 shall not be considered as residing in the zone for purposes of this
16 subsection (2)(d).

17 (3) A business may not use the tax credit to relocate existing jobs
18 in a community in the state to the designated community empowerment
19 zone.

20 (4) The annual credit allowed under this section shall be limited
21 to the amount of tax imposed by this chapter.

22 (5) As used in this section and section 2 of this act:

23 (a) "Designated community empowerment zone" means a geographic area
24 approved under RCW 43.63A.700;

25 (b) "Selected international services" means a business that:

26 (i) Provides any of the following services related directly to the
27 delivery of the service outside the United States or on behalf of
28 persons residing outside the United States: Computer; data processing;
29 information; legal; accounting; tax preparation; design; engineering;
30 architectural; business consulting; business management; public
31 relations and advertising; surveying; geological consulting; real
32 estate appraisal; and financial; and

33 (ii) Is subject to taxation under RCW 82.04.290(2); and

34 (c) "Qualified payroll" means the gross wages and benefits paid or
35 accrued, with respect to each employee of the business that is directly
36 involved in providing selected international services and was hired
37 after the effective date of this act, during the first five years of
38 such employee's employment within a designated community empowerment
39 zone. Qualified payroll includes only payroll that exceeds the

1 previous year's annual payroll by an amount in excess of the average
2 growth rate in wages over the most recent five-year period. The
3 average growth in wages shall be calculated using gross wages but not
4 benefits.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.14 RCW
6 to read as follows:

7 (1) There may be credited against the tax imposed under RCW
8 48.14.020, an amount equal to five percent of the qualified payroll, by
9 a business that is:

10 (a) Located within a designated community empowerment zone; and

11 (b) Engaged in the business of providing selected international
12 services.

13 (2) In order to claim the tax credit under this section the
14 business must:

15 (a) Expend an amount, averaged over the most recent five-year
16 period, equal or greater than twenty percent of the tax credit on
17 training of empowerment zone employees;

18 (b) Provide internship positions in conjunction with a targeted
19 program of study offered by a local institution of higher education or
20 vocational-technical school designed to provide experience relevant to
21 the activities of the business;

22 (c) Provide summer employment opportunities in conjunction with the
23 local high schools, that is targeted to high school aged youth that
24 reside within the community empowerment zone, and that is designed to
25 provide experience relevant to the activities of the business; and

26 (d) Hire, over the most recent five-year period, at least twenty
27 percent of the total employees located within the designated community
28 empowerment zone from applicants who reside, at the time of
29 application, in the designated community empowerment zone.

30 (3) A business may not use the tax credit to relocate existing jobs
31 in a community in the state to the designated community empowerment
32 zone.

33 (4) The annual credit allowed under this section shall be limited
34 to the amount of tax imposed by this chapter.

35 (5) As used in this section:

36 (a) "Designated community empowerment zone" has the same meaning as
37 in section 1 of this act;

1 (b) "Selected international services" has the same meaning as in
2 section 1 of this act; and

3 (c) "Qualified payroll" has the same meaning as in section 1 of
4 this act.

5 NEW SECTION. **Sec. 3.** This act takes effect January 1, 1999.

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