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**SENATE BILL 5424**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senators West, Wojahn, Winsley, Hale, Franklin, Jacobsen and Rasmussen

Read first time 01/27/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to international services; adding new sections to  
2 chapter 82.04 RCW; and adding a new section to chapter 48.14 RCW.

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

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

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

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

10 (b) Engaged in the business of providing international services.

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

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

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

1 (c) Hire, over the most recent five-year period, at least twenty  
2 percent of the total employees located within the designated community  
3 empowerment zone from applicants who reside, at the time of  
4 application, in the designated community empowerment zone.

5 (3) A business may not use the tax credit to relocate existing jobs  
6 in a community in the state to the designated community empowerment  
7 zone.

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

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

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

13 (b) "International services" means a business that:

14 (i) Either:

15 (A) Provides services directly related to the delivery of goods or  
16 services outside the United States or directly related to property  
17 located outside the United States; or

18 (B) Provides services to or on behalf of persons residing outside  
19 the United States; and

20 (ii) Is subject to taxation under RCW 48.14.020 or 82.04.290 (1) or  
21 (2); and

22 (c) "Qualified payroll" means the gross wages and benefits paid or  
23 accrued, with respect to each employee of the business that is directly  
24 involved in providing international services and was hired after the  
25 effective date of this act, during the first five years of such  
26 employee's employment within a designated community empowerment zone.

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

29 (1) There may be credited against the tax imposed under RCW  
30 48.14.020, an amount equal to five percent of the qualified payroll, by  
31 a business that is:

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

33 (b) Engaged in the business of providing international services.

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

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

1 (b) Provide internship positions in conjunction with a targeted  
2 program of study offered by a local institution of higher education or  
3 vocational-technical school designed to provide experience relevant to  
4 the activities of the business; and

5 (c) Hire, over the most recent five-year period, at least twenty  
6 percent of the total employees located within the designated community  
7 empowerment zone from applicants who reside, at the time of  
8 application, in the designated community empowerment zone.

9 (3) A business may not use the tax credit to relocate existing jobs  
10 in a community in the state to the designated community empowerment  
11 zone.

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

14 (5) As used in this section:

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

17 (b) "International services" has the same meaning as in section 1  
18 of this act; and

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

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW  
22 to read as follows:

23 (1) In computing tax there may be deducted from the measure of tax  
24 amounts derived from sales to businesses engaged in providing direct  
25 international services, if the qualified supportive business is located  
26 in a designated community empowerment zone.

27 (2) As used in this section:

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

30 (b) "International services" has the same meaning as in section 1  
31 of this act; and

32 (c) "Qualified supportive business" means a business that provides  
33 supplies to a business engaged in providing international services.

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