

1 **SHB 2260 - H AMD 0113 ADOPTED 3/16/99**

2 By Representative Kessler

3 On page 16, after line 13, insert the following:

4 NEW SECTION. **Sec. 25.** It is the intent of the legislature to
5 attract and retain technology-based businesses in rural counties.
6 Section 26 of this act provides a tax incentive to those businesses
7 that are engaged in the business of providing technical support
8 services from rural counties. Encouragement of these types of business
9 will stimulate the information technology industry and be of benefit to
10 the state economy in general. To further the impact and benefit of
11 this program, this incentive is limited to rural counties of the state.
12 The legislature finds that providing this targeted incentive will both
13 increase its effectiveness and create a high technology work force in
14 rural counties.

15 NEW SECTION. **Sec. 26.** A new section is added to chapter 82.04
16 RCW to read as follows:

17 (1) Subject to the limits and provisions of this section, a credit
18 is authorized against the tax otherwise due under this chapter for
19 persons engaged in a rural county in the business of providing
20 information technology help desk services to third parties.

21 (2) To qualify for the credit, the help desk services must be
22 conducted from a rural county.

23 (3) The amount of the tax credit for persons engaged in the
24 activity of providing information technology help desk services in
25 rural counties shall be equal to one hundred percent of the amount of
26 tax due under this chapter that is attributable to providing the
27 services from the rural county. In order to qualify for the credit
28 under this subsection, the county must meet the definition of "rural
29 county" at the time the person begins to conduct qualifying business in
30 the county.

31 (4) No application is necessary for the tax credit. The person
32 must keep records necessary for the department to verify eligibility
33 under this section. These records include information relating to
34 description of activity engaged in a distressed county by the person.

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

9 (6) The credit under this section may be used against any tax due
10 under this chapter, but in no case may a credit earned during one
11 calendar year be carried over to be credited against taxes incurred in
12 a subsequent calendar year. No refunds may be granted for credits
13 under this section.

14 (7) A person taking tax credits under this section shall make an
15 annual report to the department. The report shall be in a letter form
16 and shall include the following information: Type of activity in which
17 the person is engaged in the county, number of employees in the
18 distressed county, and how long the person has been located in the
19 county. The report must be filed by January 30th of each year for
20 which credit was claimed during the previous year.

21 (8) Transfer of ownership does not affect credit eligibility;
22 however, the credit is available to the successor only if the
23 eligibility conditions of this section are met.

24 (9) As used in this section:

25 (a) "Rural county" means a county with a population density of
26 less than one hundred persons per square mile, as determined by the
27 office of financial management.

28 (b) "Information technology help desk services" means the
29 following services performed using electronic and telephonic
30 communication:

31 (i) Software maintenance;

32 (ii) Software diagnostics and troubleshooting;

33 (iii) Software installation;

34 (iv) Software repair;

35 (v) Software information and training; and

36 (vi) Software upgrade.

1 NEW SECTION. **Sec. 27.** A new section is added to chapter 82.62
2 RCW to read as follows:

3 A person is not eligible to receive a credit under this chapter if
4 the person is receiving credit for the same position under section 26
5 of this act or RCW 82.04.44525.

6 NEW SECTION. **Sec. 28.** A new section is added to chapter 43.131
7 RCW to read as follows:

8 The information technology help desk services business and
9 occupation tax credit shall be terminated on June 30, 2003, as provided
10 in section 29 of this act.

11 NEW SECTION. **Sec. 29.** A new section is added to chapter 43.131
12 RCW to read as follows:

13 The following acts or parts of act, as now existing or hereafter
14 amended, are each repealed, effective June 30, 2004:

- 15 (1) Section 26 of this act; and
16 (2) Section 27 of this act.

17 NEW SECTION. **Sec. 30.** Sections 25 through 27 of this act are
18 necessary for the immediate preservation of the public peace, health,
19 or safety, or support of the state government and its existing public
20 institutions, and take effect July 1, 1999.-

21 Renumber the remaining sections consecutively, correct internal
22 references accordingly, and correct the title of the bill.

EFFECT: Provides a B&O tax credit for software help desk services that are conducted in rural counties. Provides for sunset review, termination of tax credit June 30, 2003, and repeal June 30, 2004.