
HOUSE BILL 1430

State of Washington

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By Representatives Veloria, Van Luven, Hunt, Esser, Ogden, Dunn, O'Brien, Carrell, Santos, Tokuda, D. Schmidt, Hurst, Fromhold, Boldt, Hatfield, Mulliken and Casada

Read first time 01/25/2001. Referred to Committee on Children & Family Services.

1 AN ACT Relating to tax incentives to hire recipients of temporary
2 assistance for needy families; adding a new section to chapter 82.04
3 RCW; and adding a new section to chapter 48.14 RCW.

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) Subject to the limits in this section, an eligible person is
8 allowed a credit against the tax due under this chapter. The credit is
9 based on qualified employment positions that are filled by recipients
10 of temporary assistance for needy families under chapter 74.12 RCW.
11 The credit is available to persons who are engaged in the provision of
12 business services as defined in this section.

13 (2)(a) The credit equals two thousand dollars for each qualified
14 employment position created after July 1, 2001. A credit is earned for
15 the calendar year the person is hired to fill the position, plus the
16 two subsequent consecutive years, if the position is maintained for
17 those two years.

1 (b) Credit may not be taken for hiring of persons into positions
2 that exist on July 1, 2001. Credit is authorized for new employees
3 hired for new positions created after July 1, 2001.

4 (c) When a position is newly created, if it is filled before July
5 1st, this position is eligible for the full yearly credit. If it is
6 filled after June 30th, this position is eligible for half of the
7 credit.

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

10 (3) For the purposes of this section:

11 (a) "Eligible person" means a person, as defined in RCW 82.04.030,
12 who is engaged in the business of providing business services;

13 (b)(i) "Business services" means the provision of a service, as
14 defined under (b)(ii) of this subsection, that is subject to tax under
15 RCW 82.04.290(2);

16 (ii) Business services are: Computer; data processing;
17 information; legal; accounting and tax preparation; architectural;
18 business consulting; business management; public relations and
19 advertising; surveying; real estate appraisal; or financial services.
20 For the purposes of this section these services mean the following:

21 (A) "Computer services" are services such as computer programming,
22 custom software modification, customization of canned software, custom
23 software installation, custom software maintenance, custom software
24 repair, training in the use of software, computer systems design, and
25 custom software update services;

26 (B) "Data processing services" are services such as word
27 processing, data entry, data retrieval, data search, information
28 compilation, payroll processing, business accounts processing, data
29 production, and other computerized data and information storage or
30 manipulation. "Data processing services" also includes the use of a
31 computer or computer time for data processing whether the processing is
32 performed by the provider of the computer or by the purchaser or other
33 beneficiary of the service;

34 (C) "Information services" are services such as electronic data
35 retrieval or research that entails furnishing financial or legal
36 information, data or research, internet service as defined in RCW
37 82.04.297, general or specialized news, or current information;

38 (D) "Legal services" are services such as representation by an
39 attorney, or other person when permitted, in an administrative or legal

1 proceeding, legal drafting, paralegal services, legal research
2 services, and court reporting services, arbitration, and mediation
3 services;

4 (E) "Accounting and tax preparation services" are services such as
5 accounting, auditing, actuarial, bookkeeping, or tax preparation
6 services;

7 (F) "Architectural services" are services such as structural or
8 landscape design or architecture, interior design, building design,
9 building program management, and space planning services;

10 (G) "Business consulting services" are services such as primarily
11 providing operating counsel, advice, or assistance to the management or
12 owner of any business, private, nonprofit, or public organization,
13 including but not limited to those in the following areas:
14 Administrative management consulting; general management consulting;
15 human resource consulting or training; management engineering
16 consulting; management information systems consulting; manufacturing
17 management consulting; marketing consulting; operations research
18 consulting; personnel management consulting; physical distribution
19 consulting; site location consulting; economic consulting; motel,
20 hotel, and resort consulting; restaurant consulting; government affairs
21 consulting; and lobbying;

22 (H) "Business management services" are services such as
23 administrative management, business management, and office management.
24 "Business management services" does not include property management or
25 property leasing, motel, hotel, and resort management, or automobile
26 parking management;

27 (I) "Public relations and advertising services" are services such
28 as layout, art direction, graphic design, copy writing, mechanical
29 preparation, opinion research, marketing research, marketing, or
30 production supervision;

31 (J) "Surveying services" are services such as land surveying;

32 (K) "Real estate appraisal services" are services such as market
33 appraisal and other real estate valuation; and

34 (L) "Financial services" are services such as banking, loan,
35 security, investment management, investment advisory, mortgage
36 servicing, contract collection, and finance leasing services, engaged
37 in by financial businesses, or businesses similar to or in competition
38 with financial businesses; and

1 (c) "Qualified employment position" means a permanent full-time
2 position to provide business services. If an employee is either
3 voluntarily or involuntarily separated from employment, the employment
4 position is considered filled on a full-time basis if the employer is
5 either training or actively recruiting a replacement employee that is
6 a recipient of temporary assistance for needy families under chapter
7 74.12 RCW.

8 (4) No application is necessary for the tax credit. The person
9 must keep records necessary for the department to verify eligibility
10 under this section. This information includes:

11 (a) Employment records for the previous six years;

12 (b) Information relating to description of business service
13 activity engaged in by the person; and

14 (c) Information relating to customers of business service activity
15 engaged in by the person.

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

24 (6) The department of social and health services will provide to
25 the department of revenue any information needed by the department of
26 revenue to verify eligibility of recipients of temporary assistance for
27 needy families under this section.

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

30 (1) Subject to the limits in this section, an eligible person is
31 allowed a credit against the tax due under RCW 48.14.020. The credit
32 is based on qualified employment positions that are filled by
33 recipients of temporary assistance for needy families under chapter
34 74.12 RCW. The credit is available to persons who are engaged in
35 insurance services as defined in this section.

36 (2)(a) The credit equals two thousand dollars for each qualified
37 employment position created after July 1, 2001. A credit is earned for
38 the calendar year the person is hired to fill the position, plus the

1 two subsequent consecutive years, if the position is maintained for
2 those two years.

3 (b) Credit may not be taken for hiring of persons into positions
4 that exist on July 1, 2001. Credit is authorized for new employees
5 hired for new positions created after July 1, 2001.

6 (c) When a position is newly created, if it is filled before July
7 1st, this position is eligible for the full yearly credit. If it is
8 filled after June 30th, this position is eligible for half of the
9 credit.

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

12 (3) For the purposes of this section:

13 (a) "Eligible person" means a person, as defined in RCW 82.04.030,
14 who is engaged in the business of providing insurance services;

15 (b) "Insurance services" means a business that provides insurance
16 services related directly to the delivery of the service within the
17 United States or on behalf of persons residing within the United
18 States; and

19 (c) "Qualified employment position" means a permanent full-time
20 position to provide insurance services. If an employee is either
21 voluntarily or involuntarily separated from employment, the employment
22 position is considered filled on a full-time basis if the employer is
23 either training or actively recruiting a replacement employee that is
24 a recipient of temporary assistance for needy families under chapter
25 74.12 RCW.

26 (4) No application is necessary for the tax credit. The person
27 must keep records necessary for the department to verify eligibility
28 under this section. This information includes:

29 (a) Employment records for the previous six years;

30 (b) Information relating to description of insurance services
31 activity engaged in by the person; and

32 (c) Information relating to customers of insurance services
33 activity engaged in by the person.

34 (5) If at any time the department finds that a person is not
35 eligible for tax credit under this section, the amount of taxes for
36 which a credit has been used is immediately due. The department will
37 assess interest, but not penalties, on the credited taxes for which the
38 person is not eligible. The interest will be assessed at the rate
39 provided for delinquent excise taxes under chapter 82.32 RCW, assessed

1 retroactively to the date the tax credit was taken, and accrue until
2 the taxes for which a credit has been used are repaid.

3 (6) The department of social and health services will provide to
4 the department of revenue any information needed by the department of
5 revenue to verify eligibility of recipients of temporary assistance for
6 needy families under this section.

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