

SENATE BILL REPORT

SB 5024

As Reported By Senate Committee On:
International Trade & Economic Development, January 27, 2005

Title: An act relating to tax incentives to encourage telework.

Brief Description: Providing tax incentives to encourage telework.

Sponsors: Senators Jacobsen, Kline and Shin.

Brief History:

Committee Activity: International Trade & Economic Development: 1/18/05, 1/27/05
[DPS-WM].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5024 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Doumit, Eide, Pflug and Roach.

Staff: Jack Brummel (786-7428)

Background: Telework refers to work independent of location. Broadly defined, anyone who works at home, at a client's office, in a satellite office or a telework center, or on the road can be considered teleworking. An International Telework Association and Council study found that telework reduced turnover by an average of 20 percent; boosted productivity by up to 22 percent; trimmed absenteeism by 60 percent; and allowed companies to adhere more closely to the Clean Air Act, the Family and Medical Leave Act, and the Americans with Disabilities Act. Advocates of telework credit it with improving environmental quality and energy conservation by reducing traffic congestion and vehicle emissions, improving employees' work lives by allowing a better balance of work and family responsibilities, and reducing work-related stress.

Most businesses in the state are obligated to pay the business and occupation tax. Utilities, such as power and water companies or transportation businesses, pay the public utility tax instead of the business and occupation tax.

Summary of Substitute Bill: An employer may take a credit, up to the amount due, against the business and occupation tax or the public utility tax for telework expenditures that exceed the average annual telework expenditures made by the employer in the preceding three calendar years. Telework expenditures includes expenditures for equipment and services reasonably necessary to facilitate telework, one-time expenditures for installation of telecommunication access lines at an employee's home, and telework training.

The term "telework" is limited to those situations where employees are to work at locations other than the traditional workplace for two or more days per week.

Substitute Bill Compared to Original Bill: The substitute limits the credit by applying it to expenditures made beyond the average annual expenditure made in the preceding three years. The substitute allows self-employed individuals to collect the credit. Technical corrections are made in the substitute bill.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on October 1, 2005.

Testimony For: If people can stay home one or two days per week, it will reduce traffic congestion and pollution. This is not limited to high-tech employers; all employers could take advantage of it.

Testimony Against: None.

Who Testified: PRO: Senator Jacobsen; Lew McMurrin, WA Software Alliance.