

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1261

Chapter 238, Laws of 1997

55th Legislature
1997 Regular Session

BUSINESS AND OCCUPATION TAX SMALL BUSINESS CREDIT--STANDARDIZED
TABLE

EFFECTIVE DATE: 7/27/97

Passed by the House April 19, 1997
Yeas 89 Nays 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate April 10, 1997
Yeas 47 Nays 0

BRAD OWEN
President of the Senate

Approved May 1, 1997

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1261** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 1, 1997 - 11:12 a.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1261

Passed Legislature - 1997 Regular Session

AS AMENDED BY THE SENATE

State of Washington 55th Legislature 1997 Regular Session

By House Committee on Finance (originally sponsored by Representatives Mulliken, Pennington, Boldt and Wensman; by request of Department of Revenue)

Read first time 02/27/97.

1 AN ACT Relating to the business and occupation tax small business
2 credit; amending RCW 82.04.4451; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that many businesses
5 have difficulty applying the small business credit under RCW
6 82.04.4451. Further, the legislature appreciates the valuable time and
7 resources small businesses expend on calculating the amount of credit
8 based upon a statutory formula. For the purpose of tax simplification,
9 it is the intent of this act to direct the department of revenue to
10 create a schedule, in standard increments, to replace required
11 calculations for the small business credit. Each taxpayer can make
12 reference to the taxpayer's tax range on the schedule and find the
13 amount of the taxpayer's small business credit. Further, no taxpayer
14 will owe a greater amount of tax nor will any taxpayer be responsible
15 for a greater amount of taxes otherwise due.

16 **Sec. 2.** RCW 82.04.4451 and 1994 sp.s. c 2 s 1 are each amended to
17 read as follows:

1 (1) In computing the tax imposed under this chapter, a credit is
2 allowed against the amount of tax otherwise due under this chapter, as
3 provided in this section. The maximum credit for a taxpayer for a
4 reporting period is thirty-five dollars multiplied by the number of
5 months in the reporting period, as determined under RCW 82.32.045.

6 (2) When the amount of tax otherwise due under this chapter is
7 equal to or less than the maximum credit, a credit is allowed equal to
8 the amount of tax otherwise due under this chapter.

9 (3) When the amount of tax otherwise due under this chapter exceeds
10 the maximum credit, a reduced credit is allowed equal to twice the
11 maximum credit, minus the tax otherwise due under this chapter, but not
12 less than zero.

13 (4) The department may prepare a tax credit table consisting of tax
14 ranges using increments of no more than five dollars and a
15 corresponding tax credit to be applied to those tax ranges. The table
16 shall be prepared in such a manner that no taxpayer will owe a greater
17 amount of tax by using the table than would be owed by performing the
18 calculation under subsections (1) through (3) of this section. A table
19 prepared by the department under this subsection shall be used by all
20 taxpayers in taking the credit provided in this section.

Passed the House April 19, 1997.

Passed the Senate April 10, 1997.

Approved by the Governor May 1, 1997.

Filed in Office of Secretary of State May 1, 1997.