

# SENATE BILL REPORT

## SB 5149

---

---

As Passed Senate, April 15, 2003

**Title:** An act relating to preventing businesses from taking multiple tax credits on the same employment positions.

**Brief Description:** Preventing businesses from taking multiple tax credits on the same employment positions.

**Sponsors:** Senator Benton.

**Brief History:**

**Committee Activity:** Ways & Means: 2/3/03, 2/10/03 [DP].

Passed Senate: 4/15/03, 48-0.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Poulsen, Regala, Sheahan and B. Sheldon.

**Staff:** Terry Wilson (786-7433)

**Background:** The business and occupation (B&O) tax is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state. There are generally no deductions for the costs of doing business.

Tax credits for international services job creation are available against the B&O tax (or the insurance premiums tax) equal to \$3,000 per year for a five-year period for each net new job created after July 1, 1998, for businesses providing international services if the jobs are created inside community empowerment zones or designated areas in cities or contiguous cities larger than 80,000 that meet the unemployment and poverty criteria of empowerment zones. An international service is a service for a person outside the United States or is for use primarily outside the United States.

A B&O tax credit for job creation in rural counties is authorized for manufacturing, research and development, and computer service businesses located in rural counties or community empowerment zones if they create employment of at least 15 percent above the prior year. Businesses may claim \$2,000 as a credit against the tax for each new job created, except the credit is \$4,000 if the wages and benefits exceed \$40,000 per year. No more than \$7.5 million may be taken in any fiscal year by all businesses. No credit is available if a B&O tax credit is taken for international services job creation or computer software job creation. This multiple credit provision expires December 31, 2003.

**Summary of Bill:** The prohibition against taking a tax credit for job creation in rural counties if a tax credit is taken for international services job creation or computer software job creation is extended indefinitely.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.