

SENATE BILL REPORT

SB 5703

As Reported By Senate Committee On:
Economic Development, February 26, 2003

Title: An act relating to business and occupation tax credits for eligible business projects.

Brief Description: Modifying business and occupation tax credit qualification requirements.

Sponsors: Senators Hale, T. Sheldon, Zarelli, Shin and Oke.

Brief History:

Committee Activity: Economic Development: 2/21/03, 2/26/03 [DP-WM].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Benton, Hale, Rossi, Schmidt, B. Sheldon and Shin.

Staff: Jack Brummel (786-7428)

Background: A Business and Occupation (B&O) tax credit for job creation is allowed for manufacturing, research and development, and computer service businesses located in rural counties if they create employment of at least 15 percent above the prior year. The credit is for \$4,000 per job with wages and benefits over \$40,000 per year and \$2,000 per job with wages and benefits of \$40,000 or less per year.

The Department of Revenue must disallow any credit that would cause the total impact to exceed \$7.5 million for any fiscal year. Businesses may carry disallowed credits over to the next fiscal year, if the tabulation does not exceed the \$7.5 million for the next fiscal year at the time the credit is claimed.

Upon receipt of a credit under the B&O jobs tax credit, a recipient is required to submit a report to the department by December 31 of each year so the department can determine whether the recipient is meeting the requirements of the chapter. If the department deems the report to be inadequate, it may require the recipient to pay taxes for which the credit was claimed.

Summary of Bill: The B&O tax credit for job creation in rural areas is allowed if the new employment positions created number at least 30 in smaller rural counties having a population of less than 50,000, or at least 50 in larger rural counties with populations of 50,000 or more.

Appropriation: None.

Fiscal Note: Requested on February 20, 2003.

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

Testimony For: In smaller counties, 30 jobs can have a big impact. This will encourage larger employers in rural counties to create new jobs.

Testimony Against: None.

Testified: Senator Hale, prime sponsor (pro).