
HOUSE BILL 2037

State of Washington 58th Legislature 2003 Regular Session

By Representatives Carrell, Hinkle, Cairnes, Newhouse, Roach and Delvin

Read first time 02/20/2003. Referred to Committee on Finance.

1 AN ACT Relating to the business and occupation tax credit for small
2 businesses; amending RCW 82.04.4451; and providing an effective date.

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

4 **Sec. 1.** RCW 82.04.4451 and 1997 c 238 s 2 are each amended to read
5 as follows:

6 (1) In computing the tax imposed under this chapter, a credit is
7 allowed against the amount of tax otherwise due under this chapter, as
8 provided in this section.

9 (a) If the taxpayer is not eligible under (b) of this subsection,
10 the maximum credit for a taxpayer for a reporting period is thirty-five
11 dollars multiplied by the number of months in the reporting period, as
12 determined under RCW 82.32.045.

13 (b)(i) If the amount of wages paid by the taxpayer in the twelve-
14 month period that ends with the reporting period is at least ten
15 percent greater than the amount of wages paid by the taxpayer in the
16 twelve-month period that precedes the twelve-month period that ends
17 with the reporting period, the maximum credit for a taxpayer for a
18 reporting period is one hundred five dollars multiplied by the number
19 of months in the reporting period, as determined under RCW 82.32.045.

1 (ii) No credit may be taken under this subsection (1)(b):

2 (A) Following the two-year period after which the credit under this
3 subsection (1)(b) was first taken;

4 (B) If the taxpayer is a business that has been restructured,
5 reorganized, or transferred, unless the majority of the activities to
6 be conducted after restructuring, reorganization, or transferral are
7 significantly different from the activities previously conducted; or

8 (C) If the taxpayer is a business that is substantially similar to
9 a business currently operated, or operated within the past five years,
10 by the same principals.

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

14 (3) When the amount of tax otherwise due under this chapter exceeds
15 the maximum credit, a reduced credit is allowed equal to twice the
16 maximum credit, minus the tax otherwise due under this chapter, but not
17 less than zero.

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

26 NEW SECTION. Sec. 2. This act takes effect January 1, 2004.

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