
HOUSE BILL 1576

State of Washington

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By Representatives Morrell, Buri, Wallace, Springer, Chase, Flannigan, Kilmer, McDonald, Blake, Pettigrew, Ericks, Linville, Campbell, P. Sullivan, Conway, Hinkle, Williams, Eickmeyer, Hasegawa, Clibborn, Lantz, O'Brien, Kenney and Shabro

Read first time 01/28/2005. Referred to Committee on Economic Development, Agriculture & Trade.

1 AN ACT Relating to a small business tax credit; adding a new
2 section to chapter 82.04 RCW; providing an effective date; and
3 declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1)(a) In computing the tax imposed under this chapter, an eligible
8 person is allowed a credit against the tax due. The credit is equal to
9 six hundred fifty dollars for each qualified employment position
10 created after the effective date of this section.

11 (b) Credit may not be taken for hiring of persons into employment
12 positions that exist on the effective date of this section. Credit is
13 authorized for new employees hired for qualified employment positions
14 created on or after the effective date of this section. New qualified
15 employment positions filled by existing employees are eligible for the
16 credit under this section only if the employment position vacated by
17 the existing employee is filled by a new hire.

18 (c) If a vacancy occurs in a qualified employment position, it must

1 be filled within sixty consecutive days in order to maintain
2 eligibility for the credit.

3 (d) A credit is earned for the calendar year the qualified
4 employment position is filled. Credit may be accrued and carried over
5 until it is used. No refunds may be granted for credits under this
6 section.

7 (e) No application is necessary for the tax credit.

8 (2) An eligible person claiming the credit must keep records
9 necessary for the department to verify eligibility under this section,
10 including employment records, health care benefits offered, and health
11 care benefit costs.

12 (3) A person claiming credit under chapter 82.62 RCW or RCW
13 82.04.44525 or 82.04.448 cannot claim a credit under this section.

14 (4) The employment security department must provide to the
15 department of revenue such information needed by the department of
16 revenue to verify eligibility under this section.

17 (5) If at any time the department finds that a person is not
18 eligible for tax credit under this section, the amount of taxes against
19 which a credit was claimed is immediately due and payable. The
20 department shall assess interest, but not penalties, on the taxes
21 against which the credit was claimed. Interest shall be assessed at
22 the rate provided for delinquent excise taxes under chapter 82.32 RCW,
23 retroactively to the date the credit was claimed, and shall accrue
24 until the taxes against which a credit has been claimed are repaid.

25 (6) The definitions in this subsection apply throughout this
26 section unless the context clearly requires otherwise.

27 (a) "Eligible person" means a person as defined in RCW 82.04.030
28 that has fifty or fewer employees and offers a health care plan to all
29 of its full-time employees.

30 (b) "Employee" means a full-time, part-time, or temporary employee
31 covered by Title 50 RCW for whom the small business is making
32 contributions.

33 (c) "Full-time employee" means a person whose employer requires
34 them to work thirty-five hours per week, four hundred fifty-five hours
35 a quarter, or one thousand eight hundred twenty hours a year.

36 (d) "Health care plan" means any "employee welfare benefit plan" as
37 defined by the employee retirement income security act of 1974, 29
38 U.S.C. Sec. 1001 et seq. and any "health plan" or "health benefit plan"

1 as defined in RCW 48.43.005, funded or established by an employer for
2 the purpose of providing for its employees or their beneficiaries,
3 through the purchase of insurance or otherwise, health care services.
4 For purposes of this subsection "health care services" means services
5 offered or provided by health care facilities and health care providers
6 relating to the prevention, cure, or treatment of illness, injury, or
7 disease.

8 (e) "Qualified employment position" means a new position filled by
9 a permanent full-time employee employed by an eligible person for at
10 least twelve consecutive months and who is paid a wage of at least one
11 and one-half times the state's minimum wage as it existed at the time
12 of hire.

13 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and takes effect
16 July 1, 2005.

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