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HOUSE BILL 2458

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Roach, Chase, McCune, Campbell, Morrell, Simpson, Rolfes, Haler, and Schmick

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1 AN ACT Relating to business and occupation tax exemptions for new  
2 businesses; adding a new section to chapter 82.04 RCW; and providing an  
3 effective date.

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) This chapter does not apply to a new business during the  
8 first twelve months of operation of the business.

9 (b) This chapter does not apply to a new business during the first  
10 twenty-four months of operation of the business if the new business has  
11 less than twenty-five employment positions at the time it begins to  
12 engage in the normal course of business. During the next thirty-six  
13 months of operation of the business, the business is exempt from taxes  
14 due under this chapter according to the following schedule:

15	Year	% of Tax Exempt
16	3	75%

1	4	50%
2	5	25%
3	after year 5	0

4 (2) A new business may not take an exemption under this section  
5 during any reporting period in an amount that exceeds eight thousand  
6 three hundred thirty-three dollars, multiplied by the number of months  
7 in the reporting period.

8 (3) As used in this section:

9 (a)(i) "New business" means a business that obtained or was  
10 required to obtain a registration certificate under RCW 82.32.030 for  
11 the first time during the calendar year for which exemption is first  
12 claimed under this section.

13 (ii) "New business" does not include:

14 (A) A business that has been restructured, reorganized, or  
15 transferred, unless the majority of the activities to be conducted  
16 after restructuring, reorganization, or transferral are significantly  
17 different from the activities previously conducted;

18 (B) A new branch location or other facility except by an existing  
19 out-of-state entity first doing business in this state;

20 (C) A business that is substantially similar to a business  
21 currently operated, or operated within the past five years, by the same  
22 principals.

23 (b) "Employment position" means a full-time, permanent employee of  
24 the new business.

25 (4) A new business must file an application, in a form and manner  
26 required by the department, before taking a credit under this section.  
27 The department shall rule on the application within twenty days.

28 NEW SECTION. **Sec. 2.** This act takes effect August 1, 2010.

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