
Finance Committee

HB 1828

Brief Description: Concerning a business and occupation tax credit for businesses that hire individuals with developmental disabilities.

Sponsors: Representatives Haler and Hayes.

Brief Summary of Bill

- Provides a business and occupation tax credit to businesses that hire individuals with developmental disabilities.

Hearing Date: 2/13/15

Staff: Richelle Geiger (786-7175).

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues are deposited in the State General Fund. There are several rate categories, and a business may be subject to more than one B&O tax rate, depending on the types of activities conducted.

Summary of Bill:

Employers may claim a B&O tax credit for hiring individuals with developmental disabilities on or after July 1, 2015. The credit is earned for the calendar year the person is hired to fill the position and for each calendar year the position is continuously maintained over the subsequent consecutive calendar years.

The B&O credit equals \$1,000 per calendar year for each full-time employment position filled by an individual with developmental disabilities. A partial credit is allowed per calendar year for

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each part-time employment position filled by an individual with developmental disability as follows:

- 1) \$750 for part-time positions between 30 and 35 hours per week;
- 2) \$500 for part time positions between 20 and 29 hours per week; and
- 3) \$250 for part-time positions between 10 and 19 hours per week.

No partial credit is available for part-time positions with less than 10 hours per week.

Employers must annually file an electronic application with the Department of Revenue (DOR) to claim the credit. The application must include, but is not limited to, the following information:

- 1) The number of full-time individuals with developmental disabilities hired in a given year;
- 2) The number of part-time individuals with developmental disabilities hired in a given year and the number of hours worked per week; and
- 3) The total hours worked by all individuals with developmental disabilities hired in a given year.

Credits are available on a first-in time basis. The DOR may not allow the total amount of credits claimed in a calendar year to exceed two million dollars. Unused credit can be carried over and used in subsequent years. The credit amount that is carried over may only be used to the extent the two million limit for any calendar year is not exceeded. The amount of credit that a taxpayer claims cannot be greater than the B&O tax otherwise due during the reporting period.

The bill expires on July 1, 2020.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2015.