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**HOUSE BILL 2026**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Representatives Pettigrew, Stokesbary, Tarleton, Doglio, Wilcox, Macri, Nealey, and Johnson

AN ACT Relating to providing a business and occupation tax credit for live arts performances; adding a new section to chapter 82.04 RCW; creating new sections; and providing an expiration date.

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

NEW SECTION. **Sec.**  The legislature finds that annually an average of forty-five percent of Washington residents attend a performing arts event. The legislature further finds that children exposed to the performing arts are more likely to attend performing arts events as adults. The legislature finds that the performing arts add to the economy through wages, capital development, and copyright value. The legislature further finds that there are four million seven hundred thousand arts and culture workers in the United States. In addition, the legislature finds that performance arts, including live theater performances, are often undertaken by nonprofit entities and theaters. The legislature finds Washington's economy will benefit by incentivizing the long-run live theater industry to become a regular part of the state's economy. To compete with other prominent theater cities in the United States and abroad in attracting nationally recognized long-run shows, the legislature intends to establish a business and occupation tax incentive to attract these shows and promote economic opportunity for industry supporting businesses that benefit when nationally recognized long-run shows come to the state.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 3 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to improve industry competitiveness, as indicated in RCW 82.32.808(2)(b).

(3) It is the legislature's specific public policy objective to attract long-run live performances to Washington, promoting growth in the arts and establishing economic growth for businesses that indirectly benefit from the increase of long-run performances that come to the state.

(4) If a review by the joint legislative audit and review committee finds that the number of long-run performances has increased by fifty percent as compared to a similar time period directly prior to the enactment of this tax preference, then the legislature intends to extend the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to the annual report, provided to the department of revenue, required under section 3 of this act.

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

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

(a) "Eligible person" means a theater producer, owner, licensee, operator, or presenter that is approved for a credit pursuant to subsection (3) of this section.

(b) "Production" means a live theater production in Washington that is:

(i) Scheduled to run at least six weeks, including preproduction; or

(ii) Four weeks of live theater performances with a minimum of six performances per week.

(c) "Theater" means a theater in Washington with a seating capacity between eight hundred and three thousand five hundred.

(2) In computing the tax under this chapter, a credit is available for an eligible person that is involved with a production that occurs in a theater. The credit is fifty percent of the taxes due under this chapter.

(3) The credit is up to three hundred thousand dollars per calendar year statewide. The credit is available on a first-come basis. The credit amount may not exceed the amount due under this chapter.

(4) No application is required for this credit. The eligible person must keep records necessary for the department to verify eligibility.

(5) Any portion of the credit under this section not used in the year earned may not be carried over to subsequent years.

(6) To claim a credit under this section, an eligible person must electronically file with the department all returns, forms, or information required by the department, in an electronic format as provided and approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(7)(a) Any eligible person receiving a credit under this section is required to file an annual report with the information required in (b) of this subsection according to the deadlines and subject to the same penalties as RCW 82.32.534.

(b) An eligible person claiming a credit under this section must file an annual report for each year the credit is taken. The annual report must include the following information:

(i) Description of eligibility;

(ii) Amount of credit claimed; and

(iii) The number of live performances completed.

(8) The department must post a notice once the annual statewide credit is reached.

(9) No credit may be claimed after January 1, 2022.

(10) This section expires January 1, 2022.

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