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**HOUSE BILL 2114**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Kraft and Sutherland

AN ACT Relating to supporting entrepreneurship and start-up businesses; adding a new section to chapter 82.04 RCW; creating a new section; providing an effective date; and providing an expiration date.

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

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

(1) This chapter does not apply to a start-up business during the first 24 months of operation of the start-up business.

(2) A start-up business must file an application, in a form and manner required by the department, before taking the exemption under this section.

(3) For purposes of this section, "start-up business" means a business that: (a) Has an annual revenue of less than $500,000; (b) has fewer than 50 employees; and (c) obtained or was required to obtain a registration certificate under RCW 82.32.030.

(4) This section expires January 1, 2033.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 1, chapter . . ., Laws of 2022 (section 1 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 to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objective to support entrepreneurship in the state through providing tax relief for start-up businesses.

(4) If a review finds that at least one start-up business in this state used the deduction, 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 any data collected by the state.

NEW SECTION. **Sec.**  This act takes effect July 1, 2022.

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