
SUBSTITUTE SENATE BILL 5515

State of Washington

67th Legislature

2022 Regular Session

By Senate Business, Financial Services & Trade (originally sponsored by Senators Dozier, Holy, and Padden)

READ FIRST TIME 01/26/22.

1 AN ACT Relating to encouraging economic growth by providing a
2 state business tax credit for new employment positions in the
3 hospitality industry; adding a new section to chapter 82.04 RCW;
4 creating a new section; and providing an effective date.

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

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

8 (1) Subject to the limits and conditions in this section, an
9 eligible person is allowed a credit against the tax due under this
10 chapter. The credit is based on qualified employment positions in
11 eligible areas. In order to receive the credit, the employment
12 activities must take place at a business within the eligible area.

13 (2)(a) The credit is \$275 for each qualified employment position
14 created after July 1, 2022, in an eligible area. A credit is earned
15 for the calendar year the person is hired to fill the position, plus
16 the four subsequent consecutive years, if the position is maintained
17 for those four years.

18 (b) A credit may not be taken for hiring of persons into
19 positions that exist on July 1, 2022. A credit is authorized for new
20 employees hired for new positions created after July 1, 2022. New
21 positions filled by existing employees are eligible for the credit

1 under this section only if the position vacated by the existing
2 employee is filled by a new hire.

3 (c) When a position is newly created, if it is filled before July
4 1st, this position is eligible for the full yearly credit. If it is
5 filled after June 30th, this position is eligible for half of the
6 credit.

7 (d) Credit may be accrued and carried over until it is used. No
8 refunds may be granted for credits under this section.

9 (3) No application is necessary for the tax credit. The person
10 must keep records necessary for the department to verify eligibility
11 under this section.

12 (4) By December 1st of each year, the department must determine
13 eligible areas for the following calendar year. An area remains an
14 eligible area for three consecutive years from the year the area was
15 last determined to be an eligible area. Qualified employment
16 positions created prior to any calendar year in which an area is
17 later determined to be ineligible under this subsection continue to
18 earn credit as provided under subsection (2)(a) of this section.

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

28 (6) The employment security department must provide the
29 department any information needed by the department to verify
30 eligibility under this section.

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

33 (a) "Accommodation services" means the furnishing of lodging
34 under RCW 82.04.050(2)(f).

35 (b) "Amusement and recreation services" means the operation of a
36 variety of attractions, such as mechanical rides, water rides, games,
37 shows, theme exhibits, refreshment stands, picnic grounds, golf
38 courses, country clubs, skiing facilities, marinas, fitness and
39 recreational sports centers, bowling centers, casinos, bingo halls,

1 as well as the operation of other similar amusement and recreation
2 attractions or facilities.

3 (c) "Average annual wage for the county" is the average annual
4 wage reported by the employment security department in its quarterly
5 census of employment and wages for the calendar year prior to the
6 year of employment.

7 (d) "Eligible area" means a county in which the county
8 unemployment rate is at least 25 percent greater than the statewide
9 unemployment rate.

10 (e) "Eligible person" means a person who in an eligible area at a
11 specific location is engaged in business activities.

12 (f) "Food services" means the provision of meals, snacks, and
13 beverages to customer order for immediate on-premises and off-
14 premises consumption and includes full-service restaurants, limited-
15 service restaurants, cafeterias, and snack and beverage bars.

16 (g)(i) "Hospitality industry" means a business that is primarily
17 engaged in providing accommodation services, food services, amusement
18 and recreation services, domestic breweries, domestic distilleries,
19 domestic wineries, or any combination of such services.

20 (ii) For purposes of this subsection:

21 (A) "Domestic brewery" means a place where beer and malt liquor
22 are manufactured or produced by a brewer within the state of
23 Washington.

24 (B) "Domestic distillery" means any distillery licensed under RCW
25 66.24.140 and located in the state of Washington.

26 (C) "Domestic winery" means a place where wines are manufactured
27 or produced within the state of Washington.

28 (h) "Qualified employment position" means a permanent full-time
29 position for the eligible person in the hospitality industry with
30 annual wages exceeding the average annual wage for the county. If an
31 employee is either voluntarily or involuntarily separated from
32 employment, the employment position is considered filled on a full-
33 time basis if the employer is either training or actively recruiting
34 a replacement employee.

35 (i) "Unemployment rate" means the unemployment rate for the state
36 and counties provided by the employment security department in the
37 Washington state seasonally adjusted monthly employment report for
38 September of the prior year; however, for employment positions
39 created between July 1, 2022, and December 31, 2022, the monthly
40 employment report for April must be used.

1 NEW SECTION. **Sec. 2.** RCW 82.32.805 and 82.32.808 do not apply
2 to this act.

3 NEW SECTION. **Sec. 3.** This act takes effect October 1, 2022.

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