
SECOND SUBSTITUTE SENATE BILL 5424

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators West, Wojahn, Winsley, Hale, Franklin, Jacobsen and Rasmussen)

Read first time 02/06/98.

1 AN ACT Relating to international services; adding a new section to
2 chapter 82.04 RCW; adding a new section to chapter 48.14 RCW; and
3 providing an 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) There may be credited against the tax imposed by this chapter
8 an amount equal to the sum of five percent of the qualified payroll and
9 five percent of the qualified support service expenses incurred by a
10 business that is:

11 (a) Located within a distressed community; and

12 (b) Engaged in the business of providing selected international
13 services.

14 (2) A credit under this section is not available with respect to
15 the relocation of existing jobs in a community in the state to a
16 distressed community.

17 (3) The annual credit allowed under this section shall be limited
18 to the amount of tax imposed during the year by this chapter.

1 (4) To receive credit under this section, a business must apply to
2 the department and demonstrate to the department that the business
3 qualifies under this section. An approval under this section is
4 effective for five years from the date of the approval. A business may
5 renew approval under this section.

6 (5) The department may adopt rules to implement this section.

7 (6) As used in this section and section 2 of this act:

8 (a) "Distressed community" means a community empowerment zone
9 approved under RCW 43.63A.700 or a census tract, within a city having
10 a population of fifty thousand or more, that meets the unemployment and
11 poverty criteria of RCW 43.63A.700;

12 (b) "Qualified payroll" means the gross wages and benefits paid or
13 accrued, with respect to each employee of the business that is directly
14 involved in providing international services and was hired after the
15 effective date of this section, during the first five years of the
16 employee's employment within a distressed community;

17 (c) "Qualified support service expenses" means amounts paid by a
18 business, located within a distressed community, engaged in the
19 business of providing international services to any other business
20 located within a distressed community for the reasonable cost of
21 services that are ordinary and necessary to the provision of such
22 international services; and

23 (d) "Selected international services" means a business that:

24 (i) Provides any of the following services related directly to the
25 delivery of the service outside the United States or on behalf of
26 persons residing outside the United States: Computer; data processing;
27 information; business consulting; legal; accounting; and financial; and

28 (ii) Is subject to taxation under RCW 82.04.290(2).

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.14 RCW
30 to read as follows:

31 (1) There may be credited against the tax imposed under RCW
32 48.14.020, an amount equal to the sum of five percent of the qualified
33 payroll and five percent of the qualified support service expenses
34 incurred, by a business that is:

35 (a) Located within a distressed community; and

36 (b) Engaged in the business of providing selected international
37 services.

1 (2) A credit under this section is not available with respect to
2 the relocation of existing jobs in a community in the state to a
3 distressed community.

4 (3) The annual credit allowed under this section shall be limited
5 to the amount of tax imposed during the year by this chapter.

6 (4) To receive credit under this section, a business must apply to
7 the commissioner and demonstrate to the commissioner that the business
8 qualifies under this section. An approval under this section is
9 effective for five years from the date of the approval. A business may
10 renew approval under this section.

11 (5) The commissioner may adopt rules to implement this section.

12 (6) As used in this section:

13 (a) "Distressed community" has the same meaning as in section 1 of
14 this act;

15 (b) "Qualified payroll" has the same meaning as in section 1 of
16 this act;

17 (c) "Qualified support service expenses" has the same meaning as in
18 section 1 of this act; and

19 (d) "Selected international services" has the same meaning as in
20 section 1 of this act.

21 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

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