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SENATE BILL 5769

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State of Washington                      61st Legislature                      2009 Regular Session

By Senators Kilmer, Kastama, Carrell, Regala, Franklin, Shin, and Becker

Read first time 01/30/09.                      Referred to Committee on Economic  
Development, Trade & Innovation.

1            AN ACT Relating to the international services business and  
2 occupation tax credit; amending RCW 82.04.44525; and providing an  
3 effective date.

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

5            **Sec. 1.** RCW 82.04.44525 and 2008 c 81 s 9 are each amended to read  
6 as follows:

7            (1) Subject to the limits in this section, an eligible person is  
8 allowed a credit against the tax due under this chapter. The credit is  
9 based on qualified employment positions in eligible areas. The credit  
10 is available to persons who are engaged in international services as  
11 defined in this section. In order to receive the credit, the  
12 international service activities must take place at a business within  
13 the eligible area.

14            (2)(a) On or after January 1, 2010, the credit shall equal three  
15 thousand dollars for each increase over the prior calendar year in  
16 qualified employment positions (~~created after July 1, 1998,~~) in an  
17 eligible area. ((A)) The credit is earned for the calendar year (~~the~~  
18 ~~person is hired to fill the position~~) immediately following the

1 calendar year in which the increased qualified employment position is  
2 established, plus the four subsequent consecutive years, if the  
3 position is maintained for those four years.

4 ~~(b) ((Credit may not be taken for hiring of persons into positions~~  
5 ~~that exist on July 1, 1998. Credit is authorized for new employees~~  
6 ~~hired for new positions created after July 1, 1998. New positions~~  
7 ~~filled by existing employees are eligible for the credit under this~~  
8 ~~section only if the position vacated by the existing employee is filled~~  
9 ~~by a new hire.~~

10 ~~(c) When a position is newly created, if it is filled before July~~  
11 ~~1st, this position is eligible for the full yearly credit. If it is~~  
12 ~~filled after June 30th, this position is eligible for half of the~~  
13 ~~credit)) The number of qualified employment positions is determined by~~  
14 ~~dividing the total hours spent providing international services by all~~  
15 ~~of an eligible person's employees by 1820. A single qualified~~  
16 ~~employment position is created for each full increment of 1820 such~~  
17 ~~work hours in a calendar year.~~

18 ~~((+d))~~ (3) Credit under this section may not be claimed against  
19 taxes due for periods before the calendar year for which the credit was  
20 earned. Credit may be accrued and carried over until it is used. No  
21 refunds may be granted for credits under this section.

22 ~~((+3))~~ (4) For the purposes of this section:

23 (a) "Eligible area" means: (i) A community empowerment zone under  
24 RCW 43.31C.020; or (ii) a contiguous group of census tracts that meets  
25 the unemployment and poverty criteria of RCW 43.31C.030 and is  
26 designated under subsection ~~((+4))~~ (5) of this section;

27 (b) "Eligible person" means a person, as defined in RCW 82.04.030,  
28 who in an eligible area at a specific location is engaged in the  
29 business of providing international services;

30 (c)(i) "International services" means the provision of ~~((a))~~ an  
31 eligible service, as defined under (c)(iii) of this subsection, that is  
32 subject to tax under RCW 82.04.290 (2) or (3), and either:

33 (A) Is for a person domiciled outside the United States; or

34 (B) The service itself is for use primarily outside of the United  
35 States.

36 (ii) "International services" excludes any service taxable under  
37 RCW 82.04.290(1).

1 (iii) Eligible services are: Computer; data processing;  
2 information; legal; accounting and tax preparation; engineering;  
3 architectural; business consulting; business management; public  
4 relations and advertising; surveying; geological consulting; real  
5 estate appraisal; or financial services. For the purposes of this  
6 section these services mean the following:

7 (A) "Computer services" are services such as computer programming,  
8 custom software modification, customization of canned software, custom  
9 software installation, custom software maintenance, custom software  
10 repair, training in the use of software, computer systems design, and  
11 custom software update services;

12 (B) "Data processing services" are services such as word  
13 processing, data entry, data retrieval, data search, information  
14 compilation, payroll processing, business accounts processing, data  
15 production, and other computerized data and information storage or  
16 manipulation. "Data processing services" also includes the use of a  
17 computer or computer time for data processing whether the processing is  
18 performed by the provider of the computer or by the purchaser or other  
19 beneficiary of the service;

20 (C) "Information services" are services such as electronic data  
21 retrieval or research that entails furnishing financial or legal  
22 information, data or research, internet service as defined in RCW  
23 82.04.297, general or specialized news, or current information;

24 (D) "Legal services" are services such as representation by an  
25 attorney, or other person when permitted, in an administrative or legal  
26 proceeding, legal drafting, paralegal services, legal research  
27 services, and court reporting services, arbitration, and mediation  
28 services;

29 (E) "Accounting and tax preparation services" are services such as  
30 accounting, auditing, actuarial, bookkeeping, or tax preparation  
31 services;

32 (F) "Engineering services" are services such as civil, electrical,  
33 mechanical, petroleum, marine, nuclear, and design engineering, machine  
34 designing, machine tool designing, and sewage disposal system designing  
35 services;

36 (G) "Architectural services" are services such as structural or  
37 landscape design or architecture, interior design, building design,  
38 building program management, and space planning services;

1 (H) "Business consulting services" are services such as primarily  
2 providing operating counsel, advice, or assistance to the management or  
3 owner of any business, private, nonprofit, or public organization,  
4 including but not limited to those in the following areas:  
5 Administrative management consulting; general management consulting;  
6 human resource consulting or training; management engineering  
7 consulting; management information systems consulting; manufacturing  
8 management consulting; marketing consulting; operations research  
9 consulting; personnel management consulting; physical distribution  
10 consulting; site location consulting; economic consulting; motel,  
11 hotel, and resort consulting; restaurant consulting; government affairs  
12 consulting; and lobbying;

13 (I) "Business management services" are services such as  
14 administrative management, business management, and office management.  
15 "Business management services" does not include property management or  
16 property leasing, motel, hotel, and resort management, or automobile  
17 parking management;

18 (J) "Public relations and advertising services" are services such  
19 as layout, art direction, graphic design, copy writing, mechanical  
20 preparation, opinion research, marketing research, marketing, or  
21 production supervision;

22 (K) "Surveying services" are services such as land surveying;

23 (L) "Geological consulting services" are services rendered for the  
24 oil, gas, and mining industry and other earth resource industries, and  
25 other services such as soil testing;

26 (M) "Real estate appraisal services" are services such as market  
27 appraisal and other real estate valuation; and

28 (N) "Financial services" are services such as banking, loan,  
29 security, investment management, investment advisory, mortgage  
30 servicing, contract collection, and finance leasing services, engaged  
31 in by financial businesses, or businesses similar to or in competition  
32 with financial businesses( (and

33 ~~(d) "Qualified employment position" means a permanent full-time~~  
34 ~~position to provide international services. If an employee is either~~  
35 ~~voluntarily or involuntarily separated from employment, the employment~~  
36 ~~position is considered filled on a full-time basis if the employer is~~  
37 ~~either training or actively recruiting a replacement employee)).~~

