

SENATE BILL REPORT

E2SSB 5424

As Passed Senate, February 14, 1998

Title: An act relating to international services.

Brief Description: Providing tax credits for businesses in distressed communities that provide selected international services.

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

Brief History:

Committee Activity: Ways & Means: 3/6/97, 4/7/97 [DPS]; 1/21/98, 2/5/98 [DP2S].

Passed Senate, 4/14/97, 42-5.

Passed Senate, 2/14/98, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5424 be substituted therefor, and the second substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Hochstatter, Kohl, Long, McDonald, Rossi, Schow, B. Sheldon, Snyder, Swecker, Thibaudeau and Winsley.

Staff: David Schumacher (786-7474)

Background: Community Empowerment Zones (CEZ) are defined as areas that are designated to receive federal, state, or local assistance to increase economic activity, have high unemployment rates, and have a preponderance of low-income households. The existing CEZs are Yakima, Seattle, Tacoma, Bremerton, and White Center in King County.

The business and occupation tax (B&O) is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities (except utility activities) conducted within the state.

The 2 percent insurance premiums tax is paid in lieu of the business and occupation tax on the net premiums received by authorized insurers.

Summary of Bill: A credit is provided against either the B&O tax or the insurance premiums tax equal to 5 percent of the qualified payroll plus 5 percent of the qualified support service expenses for businesses involved in international services that locate in "distressed communities."

"Distressed communities" are defined as either a community empowerment zone (CEZ) or a census tract within a city with a population of at least 50,000, that meets certain unemployment and poverty standards.

Businesses are required to reapply for the credit every five years.

Appropriation: None.

Fiscal Note: Available

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill gives Tacoma and the rest of the state the opportunity to attract businesses in the international services industry. The city of Dublin, Ireland is a model for what can be accomplished by attracting these companies. This can be a piece of a economic redevelopment plan for the city of Tacoma.

Testimony Against: None.

Testified: PRO: Kevin Phelps, Landmark Convention Center; Connie Bacon, Port of Tacoma; Ian MacGowan, Kaiser; Shirl Gilbert, Tacoma Empowerment Zone; Warren Thompson, Frank Russell Co; Don Meyer, Port of Tacoma; Kari Frank, Puyallup Tribe.