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**SUBSTITUTE HOUSE BILL 1261**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Mulliken, Pennington, Boldt and Wensman; by request of Department of Revenue)

Read first time 02/27/97.

1 AN ACT Relating to the business and occupation tax small business  
2 credit; amending RCW 82.04.4451; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that many businesses  
5 have difficulty applying the small business credit under RCW  
6 82.04.4451. Further, the legislature appreciates the valuable time and  
7 resources small businesses expend on calculating the amount of credit  
8 based upon a statutory formula. For the purpose of tax simplification,  
9 it is the intent of this act to direct the department of revenue to  
10 create a schedule, in standard increments, to replace required  
11 calculations for the small business credit. Each taxpayer can make  
12 reference to the taxpayer's income range on the schedule and find the  
13 amount of the taxpayer's small business credit. Further, no taxpayer  
14 will owe a greater amount of tax nor will any taxpayer be responsible  
15 for a greater amount of taxes otherwise due.

16 **Sec. 2.** RCW 82.04.4451 and 1994 sp.s. c 2 s 1 are each amended to  
17 read as follows:

1 (1) In computing the tax imposed under this chapter, a credit is  
2 allowed against the amount of tax otherwise due under this chapter, as  
3 provided in this section. The maximum credit for a taxpayer for a  
4 reporting period is thirty-five dollars multiplied by the number of  
5 months in the reporting period, as determined under RCW 82.32.045.

6 (2) When the amount of tax otherwise due under this chapter is  
7 equal to or less than the maximum credit, a credit is allowed equal to  
8 the amount of tax otherwise due under this chapter.

9 (3) When the amount of tax otherwise due under this chapter exceeds  
10 the maximum credit, a reduced credit is allowed equal to twice the  
11 maximum credit, minus the tax otherwise due under this chapter, but not  
12 less than zero.

13 (4) The department may prepare a tax credit table consisting of tax  
14 ranges using increments of no more than ten dollars and a corresponding  
15 tax credit to be applied to those tax ranges. The table shall be  
16 prepared in such a manner that no taxpayer will owe a greater amount of  
17 tax by using the table than would be owed by performing the calculation  
18 under subsections (1) through (3) of this section. A table prepared by  
19 the department under this subsection shall be used by all taxpayers in  
20 taking the credit provided in this section.

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