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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5424

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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 that meets the  
10 unemployment and poverty criteria of RCW 43.63A.700;

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

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

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

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

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

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

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

34 (a) Located within a distressed community; and

35 (b) Engaged in the business of providing selected international  
36 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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