

1 **SHB 2260 - H AMD 0085 WITHDRAWN 3/16/99**

2 By Representative Kessler

3 On page 16, after line 13, insert the following:

4 NEW SECTION. **Sec. 25.** A new section is added to chapter 82.04  
5 RCW to read as follows:

6 (1) Subject to the limits and provisions of this section, a credit  
7 is authorized against the tax otherwise due under this chapter for  
8 persons engaged in a distressed county in the business of providing  
9 information technology help desk services to third parties.

10 (2) To qualify for the credit, the help desk services must be  
11 conducted from a distressed county.

12 (3)(a) For the first eighty-four months in which the person is  
13 engaged in the activity of providing information technology help desk  
14 services in the distressed county, the amount of the credit shall be  
15 equal to one hundred percent of the amount of tax due under this  
16 chapter that is attributable to providing the services from the  
17 distressed county.

18 (b) A person who is not eligible for the credit under (a) of this  
19 subsection is potentially eligible for credit under this subsection  
20 (3)(b). If the person is engaged in the activity of providing  
21 information technology help desk services in a distressed county, the  
22 amount of the credit shall equal sixty-eight percent of the amount of  
23 tax due under this chapter that is attributable to providing the  
24 service from the distressed county.

25 (c) A person who has engaged in providing information technology  
26 help desk services in the distressed county before the effective date  
27 of this section qualifies for the credit under (a) of this subsection  
28 for any remaining time in the eighty-four months, after which time the  
29 person is potentially eligible for the credit under (b) of this  
30 subsection. A person who has engaged in providing information  
31 technology help desk services in the distressed county before the  
32 effective date of this section for more than eighty-four months is  
33 potentially eligible for the credit under (b) of this subsection.

34 (4) No application is necessary for the tax credit. The person  
35 must keep records necessary for the department to verify eligibility  
36 under this section.

1 (5) If at any time the department finds that a person is not  
2 eligible for tax credit under this section, the amount of taxes for  
3 which a credit has been used is immediately due. The department shall  
4 assess interest, but not penalties, on the credited taxes for which the  
5 person is not eligible. The interest shall be assessed at the rate  
6 provided for delinquent excise taxes under chapter 82.32 RCW, shall be  
7 assessed retroactively to the date the tax credit was taken, and shall  
8 accrue until the taxes for which a credit has been used are repaid.

9 (6) No credit earned during one calendar year may be carried over  
10 to be credited against taxes incurred in a subsequent calendar year.  
11 No refunds may be granted for credits under this section.

12 (7) County eligibility under this section shall be based on the  
13 same list as published by the department under chapter 82.60 RCW. The  
14 eligibility period is from July 1st of each year to June 30th of the  
15 next year.

16 (8) A person taking tax credits under this section shall make an  
17 annual report to the department. The report shall contain information  
18 the department deems necessary to determine the person's eligibility  
19 for the tax credit and effectiveness of the program. The report must  
20 be filed by January 30th of each year for which credit was claimed  
21 during the previous year.

22 (9) Transfer of ownership does not affect credit eligibility;  
23 however, the credit is available to the successor only if the  
24 eligibility conditions of this section are met.

25 (10) As used in this section:

26 (a) "Distressed county" means either (i) a county in which the  
27 average level of unemployment for the previous three years exceeds the  
28 average state unemployment for those years by twenty percent or more;  
29 or (ii) a county that has a median household income that is less than  
30 seventy-five percent of the state median household income for the  
31 previous three years.

32 (b) "First eighty-four months" means the eighty-four months of  
33 operation in a county following commencement of business activity.  
34 Business activity is deemed to commence upon the act of engaging in the  
35 business of providing the help desk services from the county.

36 (c) "Information technology help desk services" means the  
37 following services performed using electronic and telephonic  
38 communication:

- 1 (i) Software maintenance;
- 2 (ii) Software diagnostics and troubleshooting;
- 3 (iii) Software installation;
- 4 (iv) Software repair;
- 5 (v) Software information and training; and
- 6 (vi) Software upgrade.

7 NEW SECTION. **Sec. 26.** A new section is added to chapter 82.62  
8 RCW to read as follows:

9 A person is not eligible to receive a credit under this chapter if  
10 the person is receiving credit under RCW 82.04.44525 or is receiving a  
11 credit under section 25 of this act.

12 NEW SECTION. **Sec. 27.** Sections 25 and 26 of this act are  
13 necessary for the immediate preservation of the public peace, health,  
14 or safety, or support of the state government and its existing public  
15 institutions, and takes effect July 1, 1999.-

16 Renumber the remaining section consecutively, correct internal  
17 references accordingly, and correct the title of the bill.

18 **EFFECT:** Provides a B&O tax credit for software help desk services  
19 that are conducted in distressed counties.