

SENATE BILL REPORT

SB 5434

As Passed Senate, March 9, 1999

Title: An act relating to tax credits for international service activities.

Brief Description: Extending the time for designating an eligible area for international services tax credits.

Sponsors: Senators Loveland, Fraser, West, Oke and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/10/99, 2/16/99 [DP].
Passed Senate, 3/9/99, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel and Winsley.

Staff: David Schumacher (786-7474)

Background: In 1998, the Legislature passed E2SHB 2342 which provided a credit against either the business and occupation tax or the insurance premiums tax equal to \$3,000 per year for a five-year period for each net new job created after July 1, 1998.

To be eligible for the tax credit, the business must be engaged in providing international services and either be located in a designated community empowerment zone or be a contiguous group of census tracts meeting the unemployment and poverty criteria of a community empowerment zone, and located in a city or contiguous group of cities with a population greater than 80,000 that is in a county that does not have a community empowerment zone.

The Community Empowerment Zone Program was created in 1993 to target the combined efforts and resources of the public and private sector in a partnership designed to create an environment in which reinvestment can occur. A community empowerment zone— is a geographic area that is characterized as having high unemployment rates and a preponderance of low-income households. The areas that contain designated community empowerment zones are the cities of Yakima, Seattle, Tacoma, Bremerton, and White Center in King County.

"International services" means the provision of a service that is for a person outside the United States or is for use primarily outside the United States.

The legislative authority was required to designate (by ordinance) a group of census tracts that meet the unemployment and poverty criteria and transmit this information to the Department of Revenue by December 31, 1998.

Summary of Bill: The deadline is extended by which a city must pass its ordinance from December 31, 1998 to 1999.

Appropriation: None.

Fiscal Note: Requested on January 22, 1999.

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

Testimony For: There was some confusion about the eligibility of certain cities last year. This simply gives these cities the opportunity to participate.

Testimony Against: None.

Testified: Ron Rosenbloom, AWC (pro).