

SENATE BILL REPORT

SB 6634

As of January 28, 2000

Title: An act relating to tax credits for employment in counties adjacent to rural counties.

Brief Description: Providing a tax credit to counties adjacent to rural counties.

Sponsors: Senators Sheahan, T. Sheldon, Finkbeiner, Oke, Swecker, Honeyford, Hale, Deccio, Morton, McCaslin, Roach, Rasmussen and Gardner.

Brief History:

Committee Activity: Ways & Means: 1/31/2000.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: David Schumacher (786-7474)

Background: Washington has developed various incentives that are designed to assist in job creation or retention in rural counties and economically distressed areas.

The business and occupation (B&O) tax is levied on the gross proceeds of sale or the gross income of a business, without any deduction for the cost of doing business. The tax rate varies depending on the classification of the activity.

In 1999, the Legislature granted a \$1,000 per job B&O tax credit for new software manufacturing or software programming jobs created in rural counties. The credit may last up to six years if the position is maintained.

Rural counties are defined as counties with population densities less than 100 persons per square mile. 31 counties are now designated as rural.

Summary of Bill: Counties may transfer their status as a rural- county to adjacent counties for purposes of eligibility for the \$1,000 B&O credit for new software manufacturing or software programming jobs.

Appropriation: None.

Fiscal Note: Available.

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