
HOUSE BILL 1794

State of Washington 56th Legislature 1999 Regular Session

By Representatives Radcliff, Edmonds and Mitchell

Read first time 02/05/1999. Referred to Committee on Finance.

1 AN ACT Relating to tax incentives to encourage telecommuting;
2 adding a new section to chapter 82.04 RCW; adding a new section to
3 chapter 82.16 RCW; and 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) An employer is allowed a credit against tax due under this
8 chapter for telecommuting expenditures. A credit claimed under this
9 section may not exceed the amount of tax that would otherwise be due
10 under this chapter. The credit must be claimed in the year in which
11 the expenditure is made. The employer must make the expenditure the
12 year in which the credit is approved by the department. Approved
13 credit may not be carried over to subsequent calendar years. The
14 credit must be claimed by the due date of the last tax return for the
15 calendar year in which the expenditure is made. Any unused credit
16 expires. A refund shall not be given in place of a credit. Total
17 credits claimed by a person under this section and section 2 of this
18 act may not exceed fifteen thousand dollars for any tax year.
19 Expenditures made before the effective date of this section are not

1 eligible for credit. If a person has used a credit approved under
2 section 2 of this act against tax under chapter 82.16 RCW, that same
3 credit cannot be used against tax under this chapter.

4 (2) Application for credits under this section shall be made before
5 making a telecommuting expenditure. Applications shall be made to the
6 department in a form and manner as required by the department. The
7 department shall approve or deny applications for credits using the
8 criteria under this subsection. The department shall keep a running
9 total of all credits approved under this subsection during each
10 calendar year, and shall deny any credit application that would cause
11 the tabulation for any calendar year to exceed three million dollars.
12 A person claiming a credit must keep records as necessary for the
13 department to verify eligibility under this section, including records
14 showing that an employee was regularly scheduled to telecommute from
15 his or her home two or more days per week.

16 (3) The definitions in this subsection apply for the purposes of
17 this section.

18 (a) "Telecommuting" means a work arrangement whereby employees are
19 regularly scheduled two or more days per week to perform the normal
20 duties and responsibilities of their positions at home, through use of
21 computers or telecommunications. The term includes only work
22 arrangements made by employers for employees and excludes persons who
23 are self-employed.

24 (b) "Telecommuting equipment" means:

25 (i) Desktop computers, computer-related hardware, facsimile
26 machines, modems, and similar data processing or telecommunication
27 equipment used only at an employee's home for telecommuting purposes;
28 and

29 (ii) Equipment installed at an employer's place of business that is
30 used exclusively to provide remote voice access to telecommuting
31 employees.

32 (c) "Telecommuting expenditures" means amounts spent, including
33 sales or use taxes paid, to purchase telecommuting equipment or for
34 telecommuting installation costs. The term includes only expenditures
35 for equipment and services reasonably necessary to facilitate
36 telecommuting.

37 (d) "Telecommuting installation costs" means one-time expenditures
38 for installation of telecommunication access lines at an employee's
39 home for the purpose of telecommuting.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
2 to read as follows:

3 An employer is allowed a credit against tax due under this chapter
4 for telecommuting expenditures, as defined in section 1 of this act.
5 A credit may be claimed under this section in the same manner as
6 provided for credits under section 1 of this act. Credits under this
7 section are subject to the same conditions and limitations as credits
8 under section 1 of this act.

9 NEW SECTION. **Sec. 3.** This act takes effect October 1, 1999.

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