
HOUSE BILL 1930

State of Washington

56th Legislature

1999 Regular Session

By Representatives Santos, Kenney, Veloria, Reardon, Murray, Dunshee, Ogden, Schual-Berke, Wolfe, Lovick, Kessler, Rockefeller, Hurst, Ruderman and Lantz

Read first time 02/11/1999. Referred to Committee on Economic Development, Housing & Trade.

1 AN ACT Relating to deferral of business and occupation taxation for
2 new small businesses in impacted areas; and adding a new chapter to
3 Title 82 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that several areas in
6 the state are characterized by high levels of unemployment and poverty.
7 The legislature further finds that economic stagnation is the primary
8 cause of this high unemployment rate and poverty.

9 The legislature also finds that new, small businesses offer the
10 best opportunity for job creation in these areas. The legislature also
11 finds that the creation of new, small businesses are vital to the
12 overall vitality of the state's economy. However, the legislature
13 finds that many of these new, small businesses incur significant costs
14 during their initial years of operation before they are profitable.

15 For these reasons, the legislature establishes a business and
16 occupation tax deferral program designed to assist new, small
17 businesses, located in impact areas, during the initial years of
18 operation. The legislature declares that this limited program serves

1 the vital public purpose of creating employment opportunities and
2 reducing poverty in impact areas.

3 NEW SECTION. **Sec. 2.** Unless the context clearly requires
4 otherwise, the definitions in this section apply throughout this
5 chapter.

6 (1) "Impact area" means: (a) Eligible area as defined in RCW
7 82.62.010; (b) rural natural resources impact area as defined in RCW
8 43.31.601; or (c) distressed area as defined in RCW 43.165.010.

9 (2)(a) "New small business" means a business that: (i) Obtained or
10 was required to obtain a registration certificate under RCW 82.32.030
11 for the first time during the calendar year for which the exemption is
12 first claimed under this chapter; and (ii) that employs less than fifty
13 full-time employees.

14 (b) "New business" does not include:

15 (i) A business that has been restructured, reorganized, or
16 transferred, unless the majority of the activities to be conducted
17 after restructuring, reorganization, or transferral are significantly
18 different from the activities previously conducted;

19 (ii) A new branch location or other facility except by an existing
20 out-of-state entity first doing business in this state; or

21 (iii) A business that is substantially similar to a business
22 currently operated, or operated within the past five years, by the same
23 principals.

24 NEW SECTION. **Sec. 3.** Application for deferral of business and
25 occupation taxes under chapter 82.04 RCW must be made within twelve
26 months of obtaining a registration certificate under RCW 82.32.030.
27 The application shall be made to the department in a form and manner
28 prescribed by the department. The application shall contain
29 information regarding the location of the new small business, estimated
30 or actual employees related to the new small business, and other
31 information required by the department. The department shall rule on
32 the application within sixty days.

33 NEW SECTION. **Sec. 4.** The department shall issue a business and
34 occupation tax deferral certificate for state business and occupation
35 taxes due under chapter 82.04 RCW for each new small business.

1 NEW SECTION. **Sec. 5.** (1) The recipient of the business and
2 occupation tax deferral shall begin paying the deferred taxes in the
3 sixth year after receipt of the registration certification required
4 under RCW 82.32.030. The first payment will be due on December 31st of
5 the sixth calendar year after issuance of the tax deferral certificate
6 issued under section 4 of this act, with subsequent annual payments due
7 on December 31st of the following nine years with amounts of payment
8 scheduled as follows:

9	Repayment Year	% of Deferred Tax Due
10	1	10%
11	2	10%
12	3	10%
13	4	10%
14	5	10%
15	6	10%
16	7	10%
17	8	10%
18	9	10%
19	10	10%

20 (2) The department may authorize an accelerated repayment schedule
21 upon request of the recipient.

22 (3) Interest shall not be charged on any taxes deferred under this
23 chapter for the period of deferral, although all other penalties and
24 interest may be assessed and imposed for delinquent payments under this
25 chapter. Except as provided in subsection (4) of this section, the
26 debt for deferred taxes may not be extinguished by insolvency or other
27 failure of the recipient of the tax deferral.

28 (4) If the recipient of the tax deferral under this chapter ceases
29 operation due to insolvency or other failure, the taxes due for the
30 first thirty-six month period of operation after issuance of the
31 registration certificate under RCW 82.32.030, need not be repaid.

32 NEW SECTION. **Sec. 6.** Chapter 82.32 RCW applies to the
33 administration of this chapter.

34 NEW SECTION. **Sec. 7.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute
4 a new chapter in Title 82 RCW.

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