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**SUBSTITUTE HOUSE BILL 1478**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Ruderman, Esser, Morris, Pennington, DeBolt, Lambert, Hunt, Jarrett, Lovick, Miloscia, Schual-Berke, Jackley, Cody, Anderson, Kenney, McIntire, Cooper, McDermott, Dunn, Simpson, Van Luven, Santos, Dunshee, Reardon, Dickerson, Linville, Conway, Voloria, Murray, Edmonds, Edwards and Kagi)

READ FIRST TIME 02/27/01.

1 AN ACT Relating to tax incentives to encourage telework; adding  
2 new sections to chapter 82.04 RCW; adding a new section to chapter  
3 82.16 RCW; adding new sections to chapter 43.131 RCW; creating a  
4 new section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes that commuting  
7 accounts for more trips and miles traveled than any other single  
8 purpose. The legislature also recognizes that telework has been  
9 found to reduce commute trips and provide flexibility for work-  
10 related travel. Additionally, telework enables employers to allow  
11 employees to work outside of urban areas, which reduces urban  
12 commute trips while strengthening rural economies. The legislature  
13 further recognizes that telework is a key component in a  
14 comprehensive transportation demand management package.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04  
16 RCW to read as follows:

17 (1) A person is allowed a credit against tax due under this

1 chapter for telework expenditures, including telework equipment,  
2 installation costs, and telework training. Total credits claimed by  
3 a person under this section and section 3 of this act may not  
4 exceed twenty thousand dollars for any tax year. Expenditures made  
5 before the effective date of this act are not eligible for  
6 credit. If a person has used a credit approved under section 3 of  
7 this act against tax under chapter 82.16 RCW, that same credit  
8 cannot be used against tax under this chapter.

9 (2) Application for credits under this section must be made  
10 before making a telework expenditure. Applications must be made to  
11 the department in a form and manner as required by the  
12 department. The department shall approve or deny applications for  
13 credits using the criteria under this subsection. The department  
14 shall keep a running total of all credits approved under this  
15 subsection during each calendar year, and shall deny any credit  
16 application that would cause the tabulation for any calendar year  
17 to exceed three million dollars. If a credit is disallowed because  
18 the tabulation of credits approved under this section would  
19 otherwise exceed three million dollars, the disallowed portion  
20 shall be carried over to the next fiscal year. However, the  
21 carryover into the next fiscal year is only permitted to the  
22 extent that the total for the next fiscal year is not exceeded. The  
23 credit may be used against any tax due under this chapter or  
24 chapter 82.16 RCW, and may be carried over until used. No refunds  
25 may be granted for credits under this section. A person claiming a  
26 credit must keep records as necessary for the department to verify  
27 eligibility under this section, including records showing that an  
28 employee was regularly scheduled for telework at his or her home  
29 two or more days per week.

30 (3) The definitions in this subsection apply for the purposes  
31 of this section.

32 (a) "Telework" means a work arrangement whereby employees are  
33 regularly scheduled two or more days per week to perform the  
34 normal duties and responsibilities of their positions at home,  
35 through use of computers or telecommunications. The term includes  
36 only work arrangements made by employers for employees and  
37 excludes persons who are self-employed.

38 (b) "Telework equipment" means:

1 (i) Desktop and laptop computers, computer-related hardware,  
2 facsimile machines, modems, and similar data processing or  
3 telecommunication equipment used only at an employee's home for  
4 telework purposes; and

5 (ii) Equipment installed at an employer's place of business  
6 that is used exclusively to provide remote data and voice access  
7 to telework employees.

8 (c) "Telework expenditures" means amounts spent, including  
9 sales or use taxes paid, to purchase telework equipment, for  
10 training, or for telework installation costs. The term includes  
11 only expenditures for equipment and services reasonably necessary  
12 to facilitate telework.

13 (d) "Telework installation costs" means one-time expenditures  
14 for installation of telecommunication access lines or other  
15 equipment that provides teleworking capability at an employee's  
16 home for the purpose of telework.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16  
18 RCW to read as follows:

19 An employer is allowed a credit against tax due under this  
20 chapter for telework expenditures, as defined in section 2 of this  
21 act. A credit may be claimed under this section in the same manner  
22 as provided for credits under section 2 of this act. Credits under  
23 this section are subject to the same conditions and limitations as  
24 credits under section 2 of this act.

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

27 A person is eligible for a credit under sections 2 and 3 of  
28 this act if the location of the telework is within this state.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.131  
30 RCW to read as follows:

31 The telework expenditure credit created by this act shall be  
32 reviewed under this chapter before October 1, 2005. The department  
33 of revenue shall provide the information necessary for the joint  
34 legislative audit and review committee to provide the required  
35 review.

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2       NEW SECTION.   **Sec. 6.**   A new section is added to chapter 43.131  
3 RCW to read as follows:

4       The following acts or parts of acts, as now existing or  
5 hereafter amended, are each repealed, effective October 1, 2006:

- 6       (1) Section 2 of this act;  
7       (2) Section 3 of this act;  
8       (3) Section 4 of this act.

9       NEW SECTION.   **Sec. 7.**   If any provision of this act or its  
10 application to any person or circumstance is held invalid, the  
11 remainder of the act or the application of the provision to other  
12 persons or circumstances is not affected.

13       NEW SECTION.   **Sec. 8.**   This act takes effect October 1, 2001.

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