

SENATE BILL REPORT

SB 5181

As Reported By Senate Committee On:
Economic Development, January 29, 2003
Ways & Means, April 7, 2003

Title: An act relating to extending the expiration date on the tax credit for software companies in rural counties.

Brief Description: Extending the expiration date on the tax credit for software companies in rural counties.

Sponsors: Senators Benton, Mulliken, Eide, McCaslin, T. Sheldon and Esser.

Brief History:

Committee Activity: Economic Development: 1/29/03 [DP-WM].
Ways & Means: 2/10/03, 4/7/03 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Benton, Hale, Schmidt, B. Sheldon and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5181 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Hale, Honeyford, Johnson, Parlette, Roach and Sheahan.

Staff: Terry Wilson (786-7433)

Background: Washington has developed various tax incentives designed to assist in job creation or retention in rural counties. In 1999, the Legislature created a \$1,000 B&O tax credit for each new software manufacturing or computer programming job created in a rural county. The credit is available for the same job for up to five consecutive years. This software tax credit provision expires December 31, 2003.

Summary of Substitute Bill: The software B&O tax credit in rural counties is extended until January 1, 2008.

Substitute Bill Compared to Original Bill: The substitute bill makes a technical correction changing the expiration date to January 1, 2008, from December 31, 2007.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Economic Development): The fiscal impact to the state has been very small. The program helps to grow technology businesses in rural areas. This is critical to diversification and maintaining economic viability. This credit will help attract and retain companies.

Testimony Against (Economic Development): None.

Testified (Economic Development): PRO: Lew McMurrin, WA Software Alliance; Ron Newbry, WA Economic Development Assn.; Tami Garrow, Grays Harbor, PDA.

Testimony For (Ways & Means): This is a successful program for recruiting and maintaining jobs in rural counties. It helps to diversify local economies.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Senator Benton, prime sponsor; Lew McMurrin, WSA.