

SENATE BILL REPORT

SB 5182

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 for the rural county information technology tax credit.

Brief Description: Extending the expiration date for the rural county information technology tax credit.

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

Brief History:

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

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

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

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

Staff: Alison Mendiola-Hamilton (786-7576)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5182 be substituted therefor, and the substitute bill do pass.

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

Minority Report: Do not pass.

Signed by Senators Fairley, Fraser and Regala.

Staff: Terry Wilson (786-7433)

Background: A B&O tax credit is offered to businesses that provide information technology help desk services to third parties when the business is located in a rural county. A rural county is defined as a county with less than 100 persons per square mile. The credit equals 100 percent of the B&O tax that is attributable to providing the services from the rural county. The tax credit ends on December 31, 2003.

Summary of Substitute Bill: The B&O tax credit that is offered to businesses that provide information technology help desk services to third parties from a rural county is extended to January 1, 2008.

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

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Economic Development): This B&O tax credit helps rural counties diversify their economic base and increase their economic viability. The B&O help desk credit has helped create jobs and has helped one company create an internship program. Companies have a lot of places they can establish or build their businesses. This credit provides incentives to companies that may not have otherwise considered Washington State.

Testimony Against (Economic Development): None.

Testified (Economic Development): PRO: Tami Garrow, Jack Thompson, Grays Harbor PDA, Satsop Development Park; Bo Wandell, Safe Harbor Technology, Inc.; Lew McMurrin, WSA; Ron Newbry, WEDA.

Testimony For (Ways & Means): This tool has helped created many jobs and brings diversity to rural economies. Three years is not enough time. These incentives are the only difference between Seattle and rural areas. Timber dependent communities need jobs to make it possible to continue to live in rural communities. This helps level the playing field because it is not less expensive to operate in rural areas. This state does not compete well nationally in bringing in new jobs in this field. This gives a financial incentive for new companies to come here.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Tami Garrow, Satsop PDA; Diane Ellison, Grays Harbor Port Commission; James Wandel, Brian Sterling, Safeharbor Tech.