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HOUSE BILL 3147

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Veloria, Wallace, Morrell, McDonald, McCoy, Chase and Hudgins

Read first time 01/29/2004. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to a small business tax credit; and adding a new  
2 section to chapter 82.04 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
5 to read as follows:

6 (1)(a) In computing the tax imposed under this chapter, an eligible  
7 person is allowed a credit against the tax due. The credit is equal to  
8 six hundred fifty dollars for each qualified employment position  
9 created after the effective date of this section and maintained for a  
10 period of at least twelve consecutive months. A credit is earned for  
11 the calendar year the person is hired.

12 (b) Credit may not be taken for hiring of persons into positions  
13 that exist on the effective date of this section. Credit is authorized  
14 for new employees hired for new positions created on or after the  
15 effective date of this section. New positions filled by existing  
16 employees are eligible for the credit under this section only if the  
17 position vacated by the existing employee is filled by a new hire.

18 (c) If a position is filled before July 1st, it qualifies for the

1 full yearly credit for that calendar year. If it is filled after June  
2 30th, this position qualifies for half of the credit for that calendar  
3 year.

4 (d) Credit may be accrued and carried over until it is used. No  
5 refunds may be granted for credits under this section.

6 (e) No application is necessary for the tax credit. Persons taking  
7 the credit are subject to all of the requirements of chapter 82.32 RCW.

8 (2) Persons taking the credit must keep records necessary for the  
9 department to verify eligibility under this section. This information  
10 includes:

11 (a) Employment records; and

12 (b) Information relating to health care coverage provided to  
13 employees.

14 (3) The employment security department shall provide to the  
15 department of revenue such information needed by the department of  
16 revenue to verify eligibility under this section.

17 (4) If at any time the department finds that a person is not  
18 eligible for tax credit under this section, the amount of taxes for  
19 which a credit has been used is immediately due. The department shall  
20 assess interest, but not penalties, on the credited taxes for which the  
21 person is not eligible. The interest shall be assessed at the rate  
22 provided for delinquent excise taxes under chapter 82.32 RCW, shall be  
23 assessed retroactively to the date the tax credit was taken, and shall  
24 accrue until the taxes for which a credit has been used are repaid.

25 (5) The definitions in this subsection apply throughout this  
26 section, unless the context clearly requires otherwise.

27 (a) "Eligible person" means a person as defined in RCW 82.04.030,  
28 who is a "small business" as defined in RCW 19.85.020; and who provides  
29 health care coverage for all employees.

30 (b) "Qualified employment position" means a permanent full-time  
31 employee who is paid at least one and one-half times the minimum wage.  
32 Full time means a position for at least thirty-five hours a week. If  
33 an employee is either voluntarily or involuntarily separated from  
34 employment, the employment position is considered filled on a full-time  
35 basis if the employer is either training or actively recruiting a  
36 replacement employee.

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