
SUBSTITUTE HOUSE BILL 1351

State of Washington

59th Legislature

2005 Regular Session

By House Committee on Economic Development, Agriculture & Trade (originally sponsored by Representatives Kilmer, Haler, Wallace, Clibborn, Skinner, Springer, Hinkle, Ericks, Morrell, Miloscia, Holmquist, Haigh, Blake, Sells, Buri, Lantz, McCoy, Pettigrew, Appleton, Linville, P. Sullivan, Strow, Kessler, Simpson, Williams, Conway and Chase)

READ FIRST TIME 02/17/05.

1 AN ACT Relating to a job creation tax credit; adding a new section
2 to chapter 82.04 RCW; providing an effective date; providing an
3 expiration date; and declaring an emergency.

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

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

7 (1)(a) In computing the tax imposed under this chapter, an eligible
8 person is allowed a credit against the tax due. The credit is equal to
9 six hundred fifty dollars per year for each qualified employment
10 position created in Washington after the effective date of this section
11 and maintained for a period of three consecutive years. The maximum
12 credit that can be claimed under this section for each qualified
13 employment position is one thousand nine hundred fifty dollars.

14 (b) Credit may not be claimed for hiring of persons into employment
15 positions that exist on the effective date of this section. Credit is
16 authorized for new employees hired for new qualified employment
17 positions created on or after the effective date of this section. New
18 qualified employment positions filled by existing employees are

1 eligible for the credit under this section only if the employment
2 position vacated by the existing employee is filled by a new employee.

3 (c) A credit is earned for the calendar year the person is hired to
4 fill the position. If a qualified employment position is filled before
5 July 1st, it qualifies for the full yearly credit for that calendar
6 year. If it is filled after June 30th, this position qualifies for
7 half of the credit for that calendar year.

8 (d) If a vacancy occurs in a qualified employment position, it must
9 be filled within sixty consecutive days in order to maintain
10 eligibility for the credit.

11 (e) Credit may be accrued and carried over until it is used. No
12 refunds may be granted for credits under this section.

13 (f) No application is necessary to claim the tax credit.

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

17 (3) A person claiming credit under chapter 82.62 RCW or RCW
18 82.04.44525 or 82.04.448 cannot claim a credit under this section.

19 (4)(a) A person claiming the credit shall file a complete annual
20 survey in the form prescribed by the department which shall include the
21 following information for employment in Washington:

- 22 (i) The number of total employment positions;
- 23 (ii) The number of qualified employment positions;
- 24 (iii) The amount of the credit claimed;
- 25 (iv) Full-time, part-time, and temporary employment positions as a
26 percent of total employment;

27 (v) The number of employment positions according to the following
28 wage bands: Less than thirty thousand dollars; thirty thousand dollars
29 or greater, but less than sixty thousand dollars; and sixty thousand
30 dollars or greater. A wage band containing fewer than three
31 individuals may be combined with another wage band;

32 (vi) The number of employment positions that have employer-provided
33 medical, dental, and retirement benefits; and

34 (vii) Any additional information the department finds necessary to
35 determine eligibility and to measure the results of the tax credit
36 program.

37 (b) The annual survey is due by March 31st following any year in

1 which a tax credit under this section is claimed. This information
2 shall be subject to the confidentiality provisions of RCW 82.32.330.

3 (c) If a person fails to file an annual survey as required under
4 this subsection (4) with the department by the due date, the department
5 shall declare the amount of taxes against which the credit was claimed
6 under this section during the calendar year preceding the due date of
7 the annual survey to be immediately due and payable. The department
8 shall assess interest, but not penalties, on the credited taxes for
9 which the person is not eligible. The interest shall be assessed at
10 the rate provided for the delinquent excise taxes under chapter 82.32
11 RCW, shall be assessed retroactively to the date the tax credit was
12 taken, and shall accrue until the taxes against which a credit has been
13 claimed are repaid.

14 (5) If at any time the department finds that a qualified employment
15 position is not filled for three years or is no longer a qualified
16 employment position, the amount of taxes for which a credit has been
17 claimed is immediately due and payable. The department shall assess
18 interest, but not penalties, on the credited taxes for which the person
19 is not eligible. The interest shall be assessed at the rate provided
20 for the delinquent excise taxes under chapter 82.32 RCW, shall be
21 assessed retroactively to the date the tax credit was taken, and shall
22 accrue until the taxes against which a credit has been claimed are
23 repaid.

24 (6) The department shall use the information from subsection (4) of
25 this section to study the tax credit program authorized under this
26 section. The department shall report to the appropriate committees of
27 the legislature on the effectiveness of this tax credit in job
28 creation, net jobs created for Washington residents, and company growth
29 by December 1, 2011.

30 (7) The definitions in this subsection apply throughout this
31 section unless the context clearly requires otherwise.

32 (a) "Eligible person" means a person as defined in RCW 82.04.030:

33 (i) Who has fifty or fewer employees in the preceding calendar
34 year; and

35 (ii) Whose full-time employment positions in Washington are greater
36 in the calendar year for which the credit is being claimed than the
37 applicant's full-time employment positions in Washington in the
38 preceding calendar year.

1 (b) "Employee" means a full-time, part-time, or temporary employee
2 covered by Title 50 RCW for whom the eligible person is making
3 contributions.

4 (c) "Full-time employee" means an employee who is required to work
5 at least thirty-five hours a week, four hundred fifty-five hours a
6 quarter, or one thousand eight hundred twenty hours a year.

7 (d) "Health care plan" means any "employee welfare benefit plan" as
8 defined by the Employee Retirement Income Security Act of 1974, 29
9 U.S.C. Sec. 1001 et seq., and any "health plan" or "health benefit
10 plan" as defined in RCW 48.43.005, for the purpose of providing for its
11 employees or their beneficiaries, through the purchase of insurance or
12 otherwise, health care services. For the purposes of this section,
13 "health care services" means services offered or provided by health
14 care facilities and health care providers relating to the prevention,
15 cure, or treatment of illness, injury, or disease.

16 (e) "Qualified employment position" means a permanent full-time
17 employee who is paid at least one and one-half times the state minimum
18 wage and for whom the business offers a health care plan.

19 (8) This section expires January 1, 2013.

20 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of the
22 state government and its existing public institutions, and takes effect
23 July 1, 2005.

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