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HOUSE BILL 1351

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State of Washington

59th Legislature

2005 Regular Session

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 01/20/2005. Referred to Committee on Economic Development, Agriculture & Trade.

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

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 five hundred dollars per year for each qualified employment position  
9 created after the effective date of this section and maintained for a  
10 period of three consecutive years. A credit is earned for the calendar  
11 year the person is hired to fill the position, plus the two subsequent  
12 consecutive years, if the position is maintained for those two years.

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

1 (c) If a position is filled before July 1st, it qualifies for the  
2 full yearly credit for that calendar year. If it is filled after June  
3 30th, this position qualifies for half of the credit for that calendar  
4 year.

5 (d) If a vacancy occurs in a qualified position, it must be filled  
6 within sixty consecutive days in order to qualify for the credit.

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

9 (f) No application is necessary for the tax credit. Persons taking  
10 the credit are subject to all of the requirements of chapter 82.32 RCW.

11 (2) The employment security department shall provide to the  
12 department of revenue any information needed by the department of  
13 revenue to verify eligibility under this section.

14 (3) If at any time the department finds that a person is not  
15 eligible for tax credit under this section or if a qualified position  
16 is eliminated without being filled for thirty-six consecutive months,  
17 the amount of taxes for which a credit has been used is immediately  
18 due. The department shall assess interest, but not penalties, on the  
19 credited taxes for which the person is not eligible. The interest  
20 shall be assessed at the rate provided for delinquent excise taxes  
21 under chapter 82.32 RCW, shall be assessed retroactively to the date  
22 the tax credit was taken, and shall accrue until the taxes for which a  
23 credit has been used are repaid.

24 (4) A person claiming the credit shall agree to complete an annual  
25 report in a form prescribed by the department, which shall include:

26 (a) The number of total employment positions;

27 (b) The number of qualified positions;

28 (c) The amount of the credit claimed;

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

34 (e) The number of employment positions that have employer-provided  
35 medical, dental, and health benefits; and

36 (f) Any additional information the department finds necessary to  
37 measure the results of the tax credit program.

1       The report is due by March 31st following any year in which a tax  
2 credit under this section is taken. This information shall be subject  
3 to the confidentiality provisions of RCW 82.32.330 and may not be  
4 disclosed to the public.

5       (5) A person that no longer qualifies as an eligible person in  
6 calendar year two or three shall continue to receive the maximum  
7 allowable credit for qualified employment positions created prior to  
8 the date that they no longer qualified as an eligible person.

9       (6) The department shall use the information from subsection (4) of  
10 this section to study the tax credit program authorized under this  
11 section. The department shall report to the appropriate committees of  
12 the legislature on the effectiveness of this tax credit in job  
13 creation, net jobs created for Washington residents, and company growth  
14 by December 1, 2011.

15       (7) The definitions in this subsection apply throughout this  
16 section, unless the context clearly requires otherwise.

17       (a) "Eligible person" means a person as defined in RCW 82.04.030,  
18 who is a "small business" as defined in RCW 19.85.020; and who offers  
19 a health care plan to all employees.

20       (b) "Qualified employment position" means a permanent full-time  
21 employee who is paid at least one and one-half times the minimum wage.  
22 "Full time" means a position for at least thirty-five hours a week. If  
23 an employee is either voluntarily or involuntarily separated from  
24 employment, the employment position is considered filled on a full-time  
25 basis if the employer is either training or actively recruiting a  
26 replacement employee.

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

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