H-0451.2

# HOUSE BILL 1575

**State of Washington 59th Legislature 2005 Regular Session**

**By** Representatives Morrell, McDonald, Wallace, Campbell, Springer, Kilmer, Blake, Kristiansen, Ericks, Flannigan, Linville, Pettigrew, P. Sullivan, Conway, Holmquist, Hinkle, Williams, Lantz, O'Brien, Kenney and Condotta

Read first time 01/28/2005. Referred to Committee on Economic Development, Agriculture & Trade.

AN ACT Relating to a business and occupation tax credit for small business; adding a new section to chapter 82.04 RCW; providing an effective date; and declaring an emergency.

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

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

(1) In computing the tax imposed under this chapter, a credit is allowed for investment in computer equipment by a small business to be used exclusively for business purposes. The credit is equal to the purchase price of the computer equipment multiplied by ten percent. The credit claimed under this section by a small business may not exceed one hundred dollars for each purchase of computer equipment.

(2) The credit must be claimed against taxes due for the same calendar year in which the computer equipment is purchased. The credit may not exceed the tax otherwise due under this chapter. A credit earned during a calendar year may not be carried over to be credited against taxes incurred in subsequent calendar years. No refunds may be granted for credits under this section. Credits are available on a first-come basis.

(3) No application is necessary for the tax credit. A small business must electronically file returns with the department of revenue to claim the credit under this section and must also electronically file with the department all returns and any other forms or information the department requires in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this subsection is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(4) Small businesses that are on an annual reporting frequency for the taxes imposed under this chapter may claim the credit provided by this section at any time prior to the due date of their return in an electronic format as provided or approved by the department.

(5) The department shall keep a running total of all credits claimed under this section each fiscal year. The department shall not allow any credits under this section that would cause the total amount of credits claimed in any fiscal year to exceed twenty million dollars.

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

(7) If at any time the department finds that a person is not eligible for tax credit under this section, the amount of taxes against which a credit was claimed is immediately due and payable. The department shall assess interest, but not penalties, on the taxes against which the credit was claimed. Interest shall be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, retroactively to the date the credit was claimed, and shall accrue until the taxes against which a credit has been claimed are repaid.

(8) For purposes of this section, the following definitions apply:

(a) "Computer equipment" means personal computers, computer software preinstalled on personal computers, keyboards, monitors, printers, and mouse devices. Computer equipment also includes any computer peripherals or accessories that operate outside of a personal computer when bundled together with a personal computer and sold by the seller as a single product or piece of merchandise.

(b) "Small business" means a person as defined in RCW 82.04.030

that has fifty or fewer employees. For purposes of this subsection, an "employee" means a full-time, part-time, or temporary employee covered by Title 50 RCW for whom the small business is making contributions.

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

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