
HOUSE BILL 1676

State of Washington

59th Legislature

2005 Regular Session

By Representatives Roach, Buri, Kretz, Walsh, Ahern, Haler, McDonald, Rodne, Hinkle, Armstrong, Bailey, McCune, Alexander, Cox, Shabro, Condotta, Holmquist, Schindler, Serben, Buck, Clements, Skinner, Priest, Orcutt, Ericksen, Newhouse, Woods, Kristiansen, Dunn, Campbell, Strow, Crouse, Pearson, Simpson and Talcott

Read first time 02/01/2005. Referred to Committee on Economic Development, Agriculture & Trade.

1 AN ACT Relating to business and occupation tax exemptions for new
2 businesses; adding a new section to chapter 82.04 RCW; and providing an
3 effective date.

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) This chapter does not apply to a new business during the
8 first twelve months of operation of the business.

9 (b) This chapter does not apply to a new business during the first
10 twenty-four months of operation of the business if the new business has
11 less than twenty-five employment positions at the time it begins to
12 engage in the normal course of business. During the next thirty-six
13 months of operation of the business, the business is exempt from taxes
14 due under this chapter according to the following schedule:

	Year	% of Tax Exempt
16	3	75%

1	4	50%
2	5	25%
3	after year 5	0

4 (2) A new business shall not take an exemption under this section
5 during any reporting period in an amount that exceeds eight thousand
6 three hundred thirty-three dollars, multiplied by the number of months
7 in the reporting period.

8 (3) As used in this section:

9 (a)(i) "New business" means a business that obtained or was
10 required to obtain a registration certificate under RCW 82.32.030 for
11 the first time during the calendar year for which exemption is first
12 claimed under this section.

13 (ii) "New business" does not include:

14 (A) A business that has been restructured, reorganized, or
15 transferred, unless the majority of the activities to be conducted
16 after restructuring, reorganization, or transferral are significantly
17 different from the activities previously conducted;

18 (B) A new branch location or other facility except by an existing
19 out-of-state entity first doing business in this state;

20 (C) A business that is substantially similar to a business
21 currently operated, or operated within the past five years, by the same
22 principals.

23 (b) "Employment position" means a full-time, permanent employee of
24 the new business.

25 (4) A new business must file an application, in a form and manner
26 required by the department, before taking a credit under this section.
27 The department shall rule on the application within twenty days.

28 NEW SECTION. **Sec. 2.** This act takes effect August 1, 2005.

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