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HOUSE BILL 2496

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State of Washington

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By Representatives Kilmer, Skinner, Morrell, Buri, Linville, Green, Ormsby, Lantz, Miloscia, Appleton, Chase, Rodne, Conway, Hudgins, P. Sullivan, Springer, Haler, Wallace, Takko, Ericks, B. Sullivan, Simpson, Sells, Upthegrove and Holmquist

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1 AN ACT Relating to a job creation tax credit; adding a new section  
2 to chapter 82.04 RCW; providing an effective date; and providing an  
3 expiration 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) In computing the tax imposed under this chapter, an eligible  
8 person is allowed a credit against the tax due, subject to the  
9 statewide cap in (f) of this subsection. The credit is equal to four  
10 hundred fifty dollars per year for each qualified employment position  
11 created in Washington after the effective date of this section and  
12 maintained for a period of three consecutive years. The maximum credit  
13 that can be claimed under this section for each qualified employment  
14 position is one thousand three hundred fifty dollars.

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

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

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

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

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

14 (f) The total amount of new credits authorized per year statewide  
15 for newly created qualified positions is seven million five hundred  
16 thousand dollars. The credits are awarded on a first-come basis based  
17 on the date of the application by the qualified employer. This cap  
18 does not include credits earned in previous calendar years and carried  
19 over into subsequent calendar years.

20 (g) An application must be electronically filed with the department  
21 within ninety days of the filing of the qualified employment position  
22 in order to claim the credit. The department must notify all  
23 applicants within thirty days of application submission if the  
24 statewide yearly cap has been reached.

25 (2) The employment security department shall provide to the  
26 department of revenue any information needed by the department of  
27 revenue to verify eligibility under this section.

28 (3) A person claiming credit under chapter 82.62 RCW or RCW  
29 82.04.44525 or 82.04.448 cannot claim a credit under this section.

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

33 (i) The number of total employment positions;

34 (ii) The number of qualified employment positions;

35 (iii) The amount of the credit claimed;

36 (iv) Full-time, part-time, and temporary employment positions as a  
37 percent of total employment;

1 (v) The number of employment positions that have employer-provided  
2 medical, dental, and retirement benefits; and

3 (vi) Any additional information the department finds necessary to  
4 determine eligibility and to measure the results of the tax credit  
5 program.

6 (b) The annual survey is due by March 31st following any year in  
7 which a tax credit under this section is claimed. This information  
8 shall be subject to the confidentiality provisions of RCW 82.32.330.

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

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

30 (6) The department shall use the information from subsection (4) of  
31 this section to study the tax credit program authorized under this  
32 section. The department shall report to the appropriate committees of  
33 the legislature on the effectiveness of this tax credit in job  
34 creation, net jobs created for Washington residents, and company growth  
35 by December 1, 2014.

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

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

1 (i) Who has twenty or fewer employees in the preceding calendar  
2 year;

3 (ii) Whose full-time employment positions in Washington are greater  
4 in the calendar year for which the credit is being claimed than the  
5 applicant's full-time employment positions in Washington in the  
6 preceding calendar year; and

7 (iii) Who files taxes electronically with the department.

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

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

14 (d) "Health care plan" means any "employee welfare benefit plan" as  
15 defined by the employee retirement income security act of 1974, 29  
16 U.S.C. Sec. 1001 et seq., and any "health plan" or "health benefit  
17 plan" as defined in RCW 48.43.005, for the purpose of providing for its  
18 employees or their beneficiaries, through the purchase of insurance or  
19 otherwise, health care services. For the purposes of this section,  
20 "health care services" means services offered or provided by health  
21 care facilities and health care providers relating to the prevention,  
22 cure, or treatment of illness, injury, or disease.

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

26 (8) This section expires January 1, 2016.

27 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2006.

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