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**SUBSTITUTE SENATE BILL 5024**

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**State of Washington**

**59th Legislature**

**2005 Regular Session**

**By** Senate Committee on International Trade & Economic Development  
(originally sponsored by Senators Jacobsen, Kline and Shin)

READ FIRST TIME 02/09/05.

1 AN ACT Relating to tax incentives to encourage telework; adding a  
2 new section to chapter 82.04 RCW; adding a new section to chapter 82.16  
3 RCW; creating a new section; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes that commuting  
6 accounts for more trips and miles traveled than any other single  
7 purpose. The legislature also recognizes that telework has been found  
8 to reduce commute trips and provide flexibility for work-related  
9 travel. Additionally, telework enables employers to allow employees to  
10 work outside of urban areas, which reduces urban commute trips while  
11 strengthening rural economies. The legislature further recognizes that  
12 telework is a key component in a comprehensive transportation demand  
13 management package.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW  
15 to read as follows:

16 (1) An employer is allowed a credit against tax due under this  
17 chapter for telework expenditures that exceed the average annual  
18 telework expenditures made by the employer in the preceding three

1 calendar years. A credit claimed under this section may not exceed the  
2 amount of tax that would otherwise be due under this chapter. The  
3 credit must be claimed in the year in which the expenditure is made.  
4 The employer must make the expenditure the year in which the credit is  
5 approved by the department. Approved credit may not be carried over to  
6 subsequent calendar years. The credit must be claimed by the due date  
7 of the last tax return for the calendar year in which the expenditure  
8 is made. Any unused credit expires. A refund may not be given in  
9 place of a credit. Total credits claimed by a person under this  
10 section and section 3 of this act may not exceed twenty thousand  
11 dollars for any calendar year. Expenditures made before the effective  
12 date of this act are not eligible for credit. If a person has used a  
13 credit approved under section 3 of this act against tax under chapter  
14 82.16 RCW, that same credit cannot be used against tax under this  
15 chapter.

16 (2) Application for credits under this section must be made before  
17 making a telework expenditure. Applications must be made to the  
18 department in a form and manner as required by the department. The  
19 department shall approve or deny applications for credits using the  
20 criteria under this subsection. The department shall keep a running  
21 total of all credits approved under this subsection and section 3 of  
22 this act during each calendar year, and shall deny any credit  
23 application that would cause the tabulation for any calendar year to  
24 exceed three million dollars. A person claiming a credit must keep  
25 records as necessary for the department to verify eligibility under  
26 this section, including records showing that an employee was regularly  
27 scheduled to telework from his or her home two or more days per week.

28 (3) The definitions in this subsection apply for the purposes of  
29 this section.

30 (a) "Telework" means a work arrangement whereby employees are  
31 regularly scheduled two or more days per week to perform the normal  
32 duties and responsibilities of their positions at locations other than  
33 the traditional workplace, through use of computers or  
34 telecommunications. The term includes persons who are self-employed.

35 (b) "Telework equipment" means:

36 (i) Desktop and laptop computers, computer-related hardware,  
37 facsimile machines, modems, and similar data processing or

1 telecommunication equipment used only at an alternate worksite,  
2 including an employee's home for telework purposes; and

3 (ii) Equipment installed at an employer's place of business that is  
4 used exclusively to provide remote data and voice access to telework  
5 employees.

6 (c) "Telework expenditures" means amounts spent, including sales or  
7 use taxes paid, to provide telework training, purchase telework  
8 equipment, or for telework installation costs. The term includes only  
9 expenditures for training, equipment, and services reasonably necessary  
10 to facilitate telework.

11 (d) "Telework installation costs" means one-time expenditures for  
12 installation of telecommunication access lines at an employee's home  
13 for the purpose of telework.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16 RCW  
15 to read as follows:

16 An employer is allowed a credit against tax due under this chapter  
17 for telework expenditures, as defined in section 2 of this act. A  
18 credit may be claimed under this section in the same manner as provided  
19 for credits under section 2 of this act. Credits under this section are  
20 subject to the same conditions and limitations as credits under section  
21 2 of this act.

22 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2005.

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