Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

HB 2155

Brief Description: Creating a business and occupation tax credit for eligible call centers.

Sponsors: Representatives Hudgins, Conway, Cody, VanDeWege, Appleton, Seaquist, Williams, Chase and Simpson.

Brief Summary of Bill

- Allows a business and occupation credit of $1,000 each year for up to four years for creating job positions in call centers.

Hearing Date: 2/27/07

Staff: Rick Peterson (786-7150).

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

Businesses that use various tax incentives file an annual accountability report with the Department of Revenue (DOR). The report includes employment, wage, and employer-provided health and retirement benefit information for full-time, part-time, and temporary positions.

Summary of Bill:

A B&O credit of $1,000 each year for up to four years is allowed for creating job positions in call centers.

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To qualify the job positions must be in a call center with at least 5,000 square feet of space which primarily provides product support or product information services. All employees at the call center must be working legally in the United States and 75 percent of employees must directly provide product support or product information services.

The employment positions must pay at least 120 percent of Washington's minimum wage and average 35 hours per week. Credits may be earned for positions filled by employees that have graduated from an institution of higher education in Washington.

At least 90 percent of employees of the taxpayer must work in the United States and the taxpayer must maintain at least 20 employment positions in each year a credit is taken. Taxpayers using the tax cannot encourage or discourage unionization.

Taxpayers taking job credits must file an annual accountability survey. The tax credit program ends January 1, 2012.

Appropriation: None.

Fiscal Note: Requested on February 19, 2007.

Effective Date: The bill takes effect on August 1, 2007.