

SENATE BILL REPORT

SB 6627

As Reported By Senate Committee On:
Economic Development, Trade & Management, January 25, 2008

Title: An act relating to the international services business and occupation tax credit.

Brief Description: Concerning the international services business and occupation tax credit.

Sponsors: Senators Kastama, Rasmussen, Kilmer, Franklin, Carrell, Marr, Regala and Shin.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/22/08, 1/25/08
[DP-WM].
Ways & Means: 2/12/08.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Kauffman, King and Shin.

Staff: Aaron Gutierrez (786-7448)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The business & occupation (B&O) tax is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state with no deductions for the costs of doing business.

A credit against the B&O tax is available to persons engaged in international service activities. This credit is equal to \$3,000 for each Qualified Employment Position (QEP) created after July 1, 1998. A QEP is defined as a permanent full-time position to provide international services. The credit is earned for the calendar year in which the person is hired, and will be considered a full yearly credit if the position is filled before July 1 of that year.

The person applying for the credit must keep records for verification of eligibility, including employment records and description of international services provided.

Summary of Bill: The credit is earned for increasing the amount of QEP's from the prior calendar year at \$3,000 per new QEP. The credit is earned for the calendar year immediately

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following the one in which the credit is earned. The credit cannot be claimed against taxes due before the calendar year in which the credit was earned. A calculation is substituted for the fixed start date for determining full year credits.

The definition of Qualified Employment Position is removed. The person applying for the credit must keep records showing the number of work hours performed by employees while providing international services.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2009.

Staff Summary of Public Testimony: PRO: This bill would provide needed assistance in the effort to revitalize and redevelop Tacoma's financial services center.

Persons Testifying: PRO: Bill Weyerhaeuser, Executive Council for a Greater Tacoma.