

# SENATE BILL REPORT

## SB 5825

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As Reported by Senate Committee On:  
Agriculture & Rural Economic Development, February 12, 2009

**Title:** An act relating to modifying the rural county tax credit provided in chapter 82.62 RCW.

**Brief Description:** Modifying the rural county tax credit provided in chapter 82.62 RCW.

**Sponsors:** Senators Brown, King and Kilmer.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 2/10/09, 2/12/09 [DP-WM].

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

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

Signed by Senators Hatfield, Chair; Ranker, Vice Chair; Schoesler, Ranking Minority Member; Haugen, Morton and Shin.

**Staff:** Sam Thompson (786-7413)

**Background:** Certain manufacturing, research and development, and computer-related businesses that locate or expand operations in rural counties and community empowerment zones may qualify for a business and occupation (B&O) tax credit for creating new jobs. For new positions with annual wages and benefits of \$40,000 or less, a \$2,000 credit is authorized. For new positions with annual wages and benefits greater than \$40,000, a \$4,000 credit is authorized. To qualify for the credit, businesses must create a new workforce or expand an existing workforce by a 15 percent average increase over the four calendar quarters after the quarter in which a position was filled.

**Summary of Bill:** Eligibility to qualify for the rural county B&O tax credit is revised by deleting the requirement that a business must expand an existing workforce by a 15 percent average increase over the four calendar quarters after the quarter in which a position was filled. Accordingly, a business need only expand an existing workforce to qualify.

The act applies to applications for credit received by the Department of Revenue on or after January 1, 2010.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on January 1, 2010.

**Staff Summary of Public Testimony:** PRO: This legislation will help firms in rural areas and community empowerment zones to create jobs immediately. The current 15 percent threshold is difficult to meet and too restrictive. The current tax credit program is running at half of its current \$7.5 million limit. The fiscal note does not take benefits associated with job creation into account.

**Persons Testifying:** PRO: Jim Hedrick, Greater Spokane Incorporated.