
HOUSE BILL 1442

State of Washington

61st Legislature

2009 Regular Session

By Representatives Kelley, Seaquist, Probst, Orwall, Green, Hope, Van De Wege, Rolfes, Roach, Herrera, Maxwell, Parker, and Driscoll

Read first time 01/21/09. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to a business and occupation tax exemption for new
2 small businesses; and adding a new section to chapter 82.04 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
5 to read as follows:

6 (1) This chapter does not apply to a new small business during the
7 first twelve months of operation of the new small business. The
8 exemption authorized in this subsection only applies to the first one
9 hundred twenty-five thousand dollars reported on the excise tax returns
10 for the twelve-month period.

11 (2) For purposes of this section:

12 (a) "New small business" means a business that obtained or was
13 required to obtain a registration certificate under RCW 82.32.030 for
14 the first time.

15 (b) "New small business" does not include:

16 (i) A business that has been restructured, reorganized, or
17 transferred, unless the majority of the activities to be conducted
18 after restructuring, reorganization, or transferral are significantly
19 different from the activities previously conducted;

1 (ii) A new branch location or other facility except by an existing
2 out-of-state entity first doing business in this state;

3 (iii) A business that is substantially similar to a business
4 currently operated, or operated within the past five years, by the same
5 principals.

6 (3) For purposes of determining eligibility under the two hundred
7 thousand dollar limitation in subsection (1) of this section, persons
8 taxable under this chapter on multiple activities associated with the
9 same product, as identified in RCW 82.04.440, need only include the
10 value of products or gross proceeds of sales for a single activity
11 associated with the same product.

12 (4) A new small business must file an application, in a form and
13 manner required by the department, before taking a credit under this
14 section. The department shall rule on the application within twenty
15 days.

16 (5) A claim by a person not entitled to this exemption is fraud or
17 misrepresentation of a material fact and subject to interest and
18 penalties prescribed by law.

19 (6) The exemption provided in this section is not available for any
20 period during or after which the new small business:

21 (a) Purchases or otherwise acquires, directly or indirectly, in
22 bulk and not in the ordinary course of business, tangible or intangible
23 assets of another taxpayer; or

24 (b) Is a surviving corporation of a statutory merger.

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