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SENATE BILL 6645

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State of Washington                      61st Legislature                      2010 Regular Session

By Senators Zarelli, Schoesler, Holmquist, and Stevens

Read first time 01/20/10. Referred to Committee on Ways & Means.

1            AN ACT Relating to creating and paying for business and occupation  
2 tax exemptions for new businesses; amending RCW 43.350.070; adding a  
3 new section to chapter 82.04 RCW; providing an effective date; and  
4 providing an expiration date.

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

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

8            (1) This chapter does not apply to:

9            (a) A new business during the first twelve months of operation of  
10 the business; or

11            (b) A new business during the first twenty-four months of operation  
12 of the business if the new business has less than twenty-five  
13 employment positions at the time it begins to engage in the normal  
14 course of business. During the next twelve months of operation of the  
15 business, the business is exempt from fifty percent of taxes due under  
16 this chapter.

17            (2) As used in this section:

18            (a)(i) "New business" means a business that obtained or was

1 required to obtain a registration certificate under RCW 82.32.030 for  
2 the first time during the calendar year for which exemption is first  
3 claimed under this section.

4 (ii) "New business" does not include:

5 (A) A business that has been restructured, reorganized, or  
6 transferred, unless the majority of the activities to be conducted  
7 after the restructuring, reorganization, or transfer are significantly  
8 different from the activities previously conducted;

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

11 (C) A business that is substantially similar to a business  
12 currently operated, or operated within the past five years, by the same  
13 principals.

14 (b) "Employment position" means a full-time, permanent employee of  
15 the new business.

16 (3)(a) A new business must file an application, in a form and  
17 manner required by the department, to qualify for the exemption under  
18 this section.

19 (b) An application under this section must be filed within one year  
20 of the time the business was required to obtain a registration  
21 certificate under RCW 82.32.030.

22 (c) The time periods in subsection (1) of this section begin when  
23 the application is approved.

24 **Sec. 2.** RCW 43.350.070 and 2005 c 424 s 8 are each amended to read  
25 as follows:

26 (1) The life sciences discovery fund is created in the custody of  
27 the state treasurer. Only the board or the board's designee may  
28 authorize expenditures from the fund. Expenditures from the fund may  
29 be made only for purposes of this chapter. Administrative expenses of  
30 the authority, including staff support, may be paid only from the fund.  
31 Revenues to the fund consist of transfers made by the legislature from  
32 strategic contribution payments deposited in the tobacco settlement  
33 account under RCW 43.79.480, moneys received pursuant to contribution  
34 agreements entered into pursuant to RCW 43.350.030, moneys received  
35 from gifts, grants, and bequests, and interest earned on the fund.

36 (2) For fiscal years 2011 through 2014, strategic contribution  
37 payments deposited in the tobacco settlement account in an amount equal

1 to the amount necessary to offset the cost of the tax exemption in  
2 section 1 of this act must be transferred to the state general fund.  
3 The amount transferred to the state general fund under this subsection  
4 must only be used for the purposes of offsetting the cost of the tax  
5 exemption in section 1 of this act.

6 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2010.

7 NEW SECTION. **Sec. 4.** This act expires July 1, 2014.

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