
HOUSE BILL 1693

State of Washington 63rd Legislature 2013 Regular Session

By Representatives Habib, Magendanz, Morris, Tarleton, and Ryu

Read first time 02/05/13. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to providing tax relief for new businesses in high
2 growth business sectors; 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) In computing tax under this chapter, a new business may deduct
7 from the measure of the tax up to two million dollars in each calendar
8 year.

9 (2) For purposes of this section:

10 (a) "New business" means a business that:

11 (i) Obtained a registration certificate under RCW 82.32.030 within
12 twenty-four months of the end of the current tax reporting period; and

13 (ii) Is engaged primarily in industrial machinery manufacturing;
14 commercial and service industry machinery manufacturing; computer and
15 electronic product manufacturing; software publishing; data processing,
16 hosting, and related services; internet publishing and broadcasting and
17 web search portals; computer systems design and related services; or
18 research and development in physical, engineering, and life services.

19 (b) "New business" does not include:

1 (i) A business that has been restructured, reorganized, or
2 transferred, for the primary purpose of claiming the deduction
3 authorized under this section;

4 (ii) A new branch location or other facility by an existing entity;
5 or

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

9 (3) A small new business must file an application, in a form and
10 manner required by the department, before taking a deduction under this
11 section. The department must rule on the application within twenty
12 days.

13 (4) A taxpayer filing on a monthly or quarterly basis may claim a
14 deduction under this section for tax reporting periods beginning on or
15 after July 1, 2013. Taxpayers paying on an annual basis may claim a
16 deduction under this section for tax reporting periods beginning on or
17 after January 1, 2013.

18 (5) The legislature finds that accountability and the effectiveness
19 of attempts to foster job creation and retention are important aspects
20 of setting tax policy. In order to make policy choices regarding the
21 best use of limited state resources, the legislature needs to know how
22 the incentives are used, and the degree to which they meet the
23 legislature's intent.

24 (6) All persons claiming a tax credit under this section must
25 provide the department of commerce with any data requested for
26 reporting purposes under subsection (8) of this section. A taxpayer
27 who does not comply with the reporting requirements under this section
28 may not claim the credit. A taxpayer has ninety days from the time the
29 department notifies the taxpayer of their noncompliance to conform with
30 the requirements of this section. After such date, the taxpayer may
31 not claim the credit authorized under this section.

32 (7) By December 31st each year, beginning in 2014, and in
33 compliance with RCW 43.01.036, the department of commerce must submit
34 a report to the legislature that details the progress achieved in
35 reaching the intended outcomes specified in this section.

36 (8) The report to the legislature must include the following
37 information:

- 1 (a) The total number of businesses receiving the credit authorized
2 under this section;
- 3 (b) Capital investments of the taxpayer, both initial and ongoing;
- 4 (c) The number of employees hired or retained by the taxpayer;
- 5 (d) The number of employees employed full time or part time by the
6 taxpayer;
- 7 (e) The number of employees hired from Washington state, and the
8 number hired elsewhere; and
- 9 (f) The location of their businesses, by zip code.
- 10 (9) The report to the legislature must also include:
- 11 (a) How the industries eligible under this chapter are growing in
12 comparison to other states and the nation;
- 13 (b) Historic industry growth of eligible industries compared to
14 growth in the year being reported; and
- 15 (c) How eligible industries are growing in comparison to industries
16 not eligible for tax credits under this chapter.

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