
SENATE BILL 5382

State of Washington

63rd Legislature

2013 Regular Session

By Senators Benton, Holmquist Newbry, Rivers, Carrell, Padden, and Shin

Read first time 01/28/13. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to promoting economic development through tax
2 relief for start-up firms; adding new sections to chapter 82.04 RCW;
3 and providing an effective date.

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

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

7 The legislature finds that start-up companies serve as one of the
8 strongest sources of new jobs in the United States and the state. The
9 legislature also finds that the survival of new businesses in the state
10 is hampered by the state's tax structure, particularly the business and
11 occupation tax which firms must pay even when they are not yet
12 profitable. It is the intent of the legislature to provide businesses
13 with a fifty percent credit against business and occupation tax owed
14 for the first five years of their operation.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
16 to read as follows:

17 (1) In computing the tax imposed under this chapter, a credit is

1 allowed for each person engaged in a new business in an amount equal to
2 fifty percent of the tax otherwise due under this chapter.

3 (2)(a) For the purposes of this section, "new business" means a
4 business that:

5 (i) Has not been operating for longer than sixty months. The date
6 that a new business began operating, for purposes of this section, is
7 calculated from the date a registration certification under RCW
8 82.32.030 was obtained or was required to be obtained under RCW
9 82.32.030;

10 (ii) Has invested fifty thousand dollars or more in capital
11 investments; and

12 (iii) Has four or more full-time employees.

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

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

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

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

23 (3) A new business must file an application, in a form and manner
24 required by the department, to qualify for the credit under this
25 section.

26 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2013.

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