
SENATE BILL 5215

State of Washington

66th Legislature

2019 Regular Session

By Senators O'Ban, Rivers, Becker, Braun, Padden, Holy, Zeiger, Wilson, L., Brown, Schoesler, Warnick, and Short

1 AN ACT Relating to encouraging economic growth by providing a
2 state business tax credit for new employment positions; adding a new
3 section to chapter 82.04 RCW; creating a new section; providing an
4 effective date; and declaring an emergency.

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
7 RCW to read as follows:

8 (1) Subject to the limits and conditions in this section, an
9 eligible person is allowed a credit against the tax due under this
10 chapter. The credit is based on qualified employment positions in
11 eligible areas. In order to receive the credit, the employment
12 activities must take place at a business within the eligible area.

13 (2)(a) The credit is two hundred seventy-five dollars for each
14 qualified employment position created after July 1, 2019, in an
15 eligible area. A credit is earned for the calendar year the person is
16 hired to fill the position, plus the four subsequent consecutive
17 years, if the position is maintained for those four years.

18 (b) Credit may not be taken for hiring of persons into positions
19 that exist on July 1, 2019. Credit is authorized for new employees
20 hired for new positions created after July 1, 2019. New positions
21 filled by existing employees are eligible for the credit under this

1 section only if the position vacated by the existing employee is
2 filled by a new hire.

3 (c) When a position is newly created, if it is filled before July
4 1st, this position is eligible for the full yearly credit. If it is
5 filled after June 30th, this position is eligible for half of the
6 credit.

7 (d) Credit may be accrued and carried over until it is used. No
8 refunds may be granted for credits under this section.

9 (3) No application is necessary for the tax credit. The person
10 must keep records necessary for the department to verify eligibility
11 under this section.

12 (4) By December 1st of each year, the department will determine
13 eligible areas for the following calendar year. An area remains an
14 eligible area for three consecutive years from the year the area was
15 last determined to be an eligible area. Qualified employment
16 positions created prior to any calendar year in which an area is
17 later determined to be ineligible under this subsection continue to
18 earn credit as provided under subsection (2)(a) of this section.

19 (5) If at any time the department finds that a person is not
20 eligible for tax credit under this section, the amount of taxes for
21 which a credit has been claimed is immediately due. The department
22 must assess interest, but not penalties, on the credited taxes for
23 which the person is not eligible. The interest must be assessed at
24 the rate provided for delinquent excise taxes under chapter 82.32
25 RCW, must be assessed retroactively to the date the tax credit was
26 taken, and must accrue until the taxes for which a credit has been
27 used are repaid.

28 (6) The employment security department must provide the
29 department of revenue any information needed by the department of
30 revenue to verify eligibility under this section.

31 (7) The definitions in this subsection apply throughout this
32 section unless the context clearly requires otherwise.

33 (a) "Average annual wage for the county" is the average annual
34 wage reported by the employment security department in its quarterly
35 census of employment and wages for the calendar year prior to the
36 year of employment.

37 (b) "Eligible area" means a county in which the county
38 unemployment rate is at least twenty-five percent greater than the
39 statewide unemployment rate.

1 (c) "Eligible person" means a person who in an eligible area at a
2 specific location is engaged in business activities.

3 (d) "Qualified employment position" means a permanent full-time
4 position for the eligible person with annual wages exceeding the
5 average annual wage for the county. If an employee is either
6 voluntarily or involuntarily separated from employment, the
7 employment position is considered filled on a full-time basis if the
8 employer is either training or actively recruiting a replacement
9 employee.

10 (e) "Unemployment rate" means the unemployment rate for the state
11 and counties provided by the employment security department in the
12 Washington state seasonally adjusted monthly employment report for
13 September of the prior year; however, for employment positions
14 created between July 1, 2019, and December 31, 2019, the monthly
15 employment report for April must be used.

16 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
17 82.32.808 do not apply to this act.

18 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of
20 the state government and its existing public institutions, and takes
21 effect July 1, 2019.

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