

Qualified businesses include manufacturing, research and development, and computer-related service businesses that locate or expand in an eligible area of the state. Eligible area designations have been changed by the Legislature over time, but currently they include all rural counties and community empowerment zones. Businesses must create a new work force in Washington, so credit is not available for positions that are transferred from an established site in the state. Businesses may also qualify by expanding their existing work force at an established site by a 15 percent average increase.

A business may earn a \$2,000 credit for each new qualified employment position with annual wages and benefits of \$40,000 or less; or a credit of \$4,000 for each new employment position with wages and benefits over \$40,000 annually. The Department of Revenue has processed over 100 applications for B&O credits under this program and issued more than \$7.5 million in credits.

Summary of Bill: The distressed area sales and use tax deferral is no longer available for a project in a county that contains a community empowerment zone and draw employees from the community empowerment zone.

The distressed area business and occupation tax credit for new employees is extended to allow credit for jobs that are created as a result of the relocation of a business into a rural area or community empowerment zone. It remains impermissible to use the tax credits to displace existing jobs in any community empowerment zone or to obtain credit for relocating from one area of a rural county to another.

Legislative intent language from the original enactment of the program is amended to refer to rural- areas instead of distressed- areas.

Definitions are reordered.

Appropriation: None.

Fiscal Note: Requested on January 17, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.