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HOUSE BILL 1913

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State of Washington

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2024 Regular Session

By Representatives Cortes and Ryu

Prefiled 12/08/23.

1 AN ACT Relating to expiring a tax preference; amending RCW  
2 82.04.44525; and providing an expiration date.

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

4 **Sec. 1.** RCW 82.04.44525 and 2009 c 535 s 1104 are each amended  
5 to read as follows:

6 (1) Subject to the limits in this section and through tax year  
7 2024, an eligible person is allowed a credit against the tax due  
8 under this chapter. The credit is based on qualified employment  
9 positions in eligible areas. The credit is available to persons who  
10 are engaged in international services as defined in this section. In  
11 order to receive the credit, the international service activities  
12 must take place at a business within the eligible area.

13 (2)(a) The credit shall equal three thousand dollars for each  
14 qualified employment position created after July 1, 1998, 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, 1998. Credit is authorized for new employees  
20 hired for new positions created after July 1, 1998. 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) For the purposes of this section:

10 (a) "Eligible area" means: (i) A community empowerment zone under  
11 RCW 43.31C.020; or (ii) a contiguous group of census tracts that  
12 meets the unemployment and poverty criteria of RCW 43.31C.030 and is  
13 designated under subsection (4) of this section;

14 (b) "Eligible person" means a person, as defined in RCW  
15 82.04.030, who in an eligible area at a specific location is engaged  
16 in the business of providing international services;

17 (c) (i) "International services" means the provision of a service,  
18 as defined under (c) (iii) of this subsection, that is subject to tax  
19 under RCW 82.04.290 (2) or (3), and either:

20 (A) Is for a person domiciled outside the United States; or

21 (B) The service itself is for use primarily outside of the United  
22 States.

23 (ii) "International services" excludes any service taxable under  
24 RCW 82.04.290(1).

25 (iii) Eligible services are: Computer; data processing;  
26 information; legal; accounting and tax preparation; engineering;  
27 architectural; business consulting; business management; public  
28 relations and advertising; surveying; geological consulting; real  
29 estate appraisal; or financial services. For the purposes of this  
30 section these services mean the following:

31 (A) "Computer services" are services such as computer  
32 programming, custom software modification, customization of canned  
33 software, custom software installation, custom software maintenance,  
34 custom software repair, training in the use of software, computer  
35 systems design, and custom software update services;

36 (B) "Data processing services" are services such as word  
37 processing, data entry, data retrieval, data search, information  
38 compilation, payroll processing, business accounts processing, data  
39 production, and other computerized data and information storage or  
40 manipulation. "Data processing services" also includes the use of a

1 computer or computer time for data processing whether the processing  
2 is performed by the provider of the computer or by the purchaser or  
3 other beneficiary of the service;

4 (C) "Information services" are services such as electronic data  
5 retrieval or research that entails furnishing financial or legal  
6 information, data or research, internet access as defined in RCW  
7 82.04.297, general or specialized news, or current information;

8 (D) "Legal services" are services such as representation by an  
9 attorney, or other person when permitted, in an administrative or  
10 legal proceeding, legal drafting, paralegal services, legal research  
11 services, and court reporting services, arbitration, and mediation  
12 services;

13 (E) "Accounting and tax preparation services" are services such  
14 as accounting, auditing, actuarial, bookkeeping, or tax preparation  
15 services;

16 (F) "Engineering services" are services such as civil,  
17 electrical, mechanical, petroleum, marine, nuclear, and design  
18 engineering, machine designing, machine tool designing, and sewage  
19 disposal system designing services;

20 (G) "Architectural services" are services such as structural or  
21 landscape design or architecture, interior design, building design,  
22 building program management, and space planning services;

23 (H) "Business consulting services" are services such as primarily  
24 providing operating counsel, advice, or assistance to the management  
25 or owner of any business, private, nonprofit, or public organization,  
26 including but not limited to those in the following areas:  
27 Administrative management consulting; general management consulting;  
28 human resource consulting or training; management engineering  
29 consulting; management information systems consulting; manufacturing  
30 management consulting; marketing consulting; operations research  
31 consulting; personnel management consulting; physical distribution  
32 consulting; site location consulting; economic consulting; motel,  
33 hotel, and resort consulting; restaurant consulting; government  
34 affairs consulting; and lobbying;

35 (I) "Business management services" are services such as  
36 administrative management, business management, and office  
37 management. "Business management services" does not include property  
38 management or property leasing, motel, hotel, and resort management,  
39 or automobile parking management;

1 (J) "Public relations and advertising services" are services such  
2 as layout, art direction, graphic design, copy writing, mechanical  
3 preparation, opinion research, marketing research, marketing, or  
4 production supervision;

5 (K) "Surveying services" are services such as land surveying;

6 (L) "Geological consulting services" are services rendered for  
7 the oil, gas, and mining industry and other earth resource  
8 industries, and other services such as soil testing;

9 (M) "Real estate appraisal services" are services such as market  
10 appraisal and other real estate valuation; and

11 (N) "Financial services" are services such as banking, loan,  
12 security, investment management, investment advisory, mortgage  
13 servicing, contract collection, and finance leasing services, engaged  
14 in by financial businesses, or businesses similar to or in  
15 competition with financial businesses; and

16 (d) "Qualified employment position" means a permanent full-time  
17 position to provide international services. If an employee is either  
18 voluntarily or involuntarily separated from employment, the  
19 employment position is considered filled on a full-time basis if the  
20 employer is either training or actively recruiting a replacement  
21 employee.

22 (4) By ordinance, the legislative authority of a city, or  
23 legislative authorities of contiguous cities by ordinance of each  
24 city's legislative authority, with population greater than eighty  
25 thousand, located in a county containing no community empowerment  
26 zones as designated under RCW 43.31C.020, may designate a contiguous  
27 group of census tracts within the city or cities as an eligible area  
28 under this section. Each of the census tracts must meet the  
29 unemployment and poverty criteria of RCW 43.31C.030. Upon making the  
30 designation, the city or cities shall transmit to the department of  
31 revenue a certification letter and a map, each explicitly describing  
32 the boundaries of the census tract. This designation must be made by  
33 December 31, 1998.

34 (5) No application is necessary for the tax credit. The person  
35 must keep records necessary for the department to verify eligibility  
36 under this section. This information includes:

37 (a) Employment records for the previous six years;

38 (b) Information relating to description of international service  
39 activity engaged in at the eligible location by the person; and

1 (c) Information relating to customers of international service  
2 activity engaged in at that location by the person.

3 (6) If at any time the department finds that a person is not  
4 eligible for tax credit under this section, the amount of taxes for  
5 which a credit has been used shall be immediately due. The department  
6 shall assess interest, but not penalties, on the credited taxes for  
7 which the person is not eligible. The interest shall be assessed at  
8 the rate provided for delinquent excise taxes under chapter 82.32  
9 RCW, shall be assessed retroactively to the date the tax credit was  
10 taken, and shall accrue until the taxes for which a credit has been  
11 used are repaid.

12 (7) The employment security department shall provide to the  
13 department of revenue such information needed by the department of  
14 revenue to verify eligibility under this section.

15 (8) This section expires July 1, 2025.

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