B&O tax credit for creating new jobs in eligible areas that provide services to international customers

The 1998 Legislature created a $3,000 B&O credit for each job created by businesses that:

- Are located in either a Community Empowerment Zone or other designated geographic area known as an International Services District.
- Provide certain professional services to international clients, or provide services outside the United States. Examples include computer, accounting, or engineering services.

Businesses may receive credits for the year the job is created and for four more years if the job is maintained.

This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

Preference is intended to attract and retain businesses providing professional services to international clients and create new jobs in certain urban areas

The legislation creating the preference included an intent statement. The preference is intended to attract and retain businesses that provide professional services to international customers by incentivizing new jobs.

This study will address the following questions:

1. To what extent has the preference been used and what are the beneficiary savings?
2. Have subsequent tax policy changes for services provided to out-of-state customers changed the taxation of international services?
3. How has employment changed for businesses that claim the preference?
4. To what extent has the preference attracted businesses providing professional services to international clients in qualifying areas?

Per RCW 44.28.076, JLARC staff will determine whether there are racial equity considerations directly related to the study mandate and scope. We will update this document once that process is complete.

Study timeframe

<table>
<thead>
<tr>
<th>Preliminary Report:</th>
<th>Proposed Final Report:</th>
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<tr>
<td>July 2023</td>
<td>December 2023</td>
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JLARC Study Process