

3.24.105 New job tax credit.

A. Purpose. The city believes that providing a tax credit relating to a business's growth or relocation into the city is a meaningful method of attracting and retaining such businesses. Further, the city finds that a credit related to the creation of fifty new full-time employment positions within four consecutive quarters will encourage businesses that are financially sound and well established in the marketplace to relocate to the city or expand within the city. Therefore, considering situations particular and unique to the city, the city finds that it is appropriate to differ from the business and occupation tax model ordinance in providing for a new jobs tax credit as described in this section.

B. The credit described in this section is available to taxpayers located in the city.

C. Subject to the conditions of this section, a taxpayer may claim a credit against the tax imposed under this chapter when, after January 1, 2010, the taxpayer creates fifty or more new full-time employment positions within the city in a period not to exceed four consecutive quarters and keeps those positions filled for three consecutive years following the date on which credit for the positions is claimed.

1. This credit is one thousand dollars for each new full-time employment position created in a single period. A taxpayer may claim credit under this section multiple times, up to a cap of five hundred thousand dollars per taxpayer, for separate and distinct periods, provided the taxpayer satisfies the requirements of this section for each period.

2. A "new full-time employment position" means a permanent, full-time position that has not been filled by the taxpayer at any time in the five preceding years or which has not been located within the city at any time in the five preceding years.

a. "Full-time" means a position that is filled by one employee who works a normal work week of at least thirty-five hours.

b. The employee filling the new full-time employment position must perform work primarily at locations within the city for the relevant periods specified under this section. For the purposes of this subsection, "primarily" means that the employee will perform at least fifty-one percent of his or her job duties in the city.

c. If an employee is voluntarily or involuntarily separated from employment, the new full-time employment position is considered filled on a full-time basis if the taxpayer actively seeks a replacement and does not allow

the position to remain vacant for more than ninety days in any four consecutive quarters, which time may be extended an additional thirty days by the director upon a showing of good cause.

d. A position is a new full-time employment position only if, when filled, it results in a net increase in the taxpayer's total number of full-time employment positions located within the city.

e. New full-time employment positions filled by existing employees performing work primarily within the city are eligible for the credit under this section only if the position vacated by the existing employee is filled by a new hire.

f. A taxpayer does not create any new full-time employment positions for purposes of this section by: (1) purchasing a business already located within the city; (2) moving a business already located within the city to a new location; or (3) being annexed into the city.

3. To qualify for this credit the taxpayer must report, on each return filed after this section is effective, the taxpayer's total number of full-time employment positions.

4. This credit may be claimed at the end of the fourth consecutive quarter in which fifty or more new full-time employment positions were created or, upon the taxpayer's request by written application, following creation of the last new full-time employment position for which credit will be claimed in that period.

5. The taxpayer must attach an application, provided by the city, to the return due at the conclusion of the four consecutive quarters in which fifty or more new full-time employment positions were created, or on the return due at the time of the taxpayer's application specified in subsection (C)(4) of this section.

6. On the return following the creation of the first new full-time employment position for which credit will be claimed, the taxpayer shall attach its two most recent quarterly tax summary Washington State unemployment insurance reports filed with the state. On each return submitted to the city thereafter, and for three years following the return on which credit is claimed, the taxpayer shall attach all quarterly tax summary Washington State unemployment insurance reports filed with the state but not yet submitted to the city. The reports submitted must redact employee names and Social Security numbers, but otherwise be complete replications.

7. The taxpayer is not eligible for this credit if the taxpayer owes the city any taxes which are due under a past return, including, but not limited to, amounts due under Chapters [3.19](#), [3.20](#), [3.24](#), [3.28](#), and/or [3.36](#).

8. This credit may not be applied retroactively by amending prior returns, but may be carried forward to the extent the credit exceeds the taxes imposed under this chapter.

9. This credit is not considered a payment of taxes for purposes of Section [3.19.100](#) or any other purpose. As such, unused credit amounts will not be refunded and will not accrue interest.

10. To remain eligible for credit claimed under this section, the taxpayer must keep filled, for three years after the date on which credit is claimed, the total number of full-time employment positions existing at the time credit is claimed.

D. In addition to the requirements of Section [3.19.060](#), the taxpayer must maintain records for each new full-time employment position filled and such records shall be available for the city's review, consistent with Section [3.19.060](#). At a minimum, these records must include:

1. Quarterly tax summary Washington State unemployment insurance reports filed during the current year and five previous years;
2. Employment records, including Washington State and federal tax returns, for the current year and the five previous years; and
3. A written job description of each new full-time employment position for which credit is claimed.

E. If at any time the director finds that a taxpayer is not eligible, or has lost eligibility, for credit allowed under this section, such credit shall be revoked immediately and the director shall impose interest, and may impose penalties, in accordance with Chapter [3.19](#).

F. Notwithstanding provisions elsewhere in this chapter, the director is authorized to promulgate rules and regulations implementing, interpreting, and enforcing the provisions of this section. (Ord. 3175-10 § 1, 2010)