
SUBSTITUTE SENATE BILL 6469

State of Washington

55th Legislature

1998 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Winsley, Jacobsen, Long, Anderson, Kohl, Haugen, Snyder, Loveland, B. Sheldon, Wojahn, Hale, T. Sheldon, Franklin, Fraser, Spanel, Goings, Kline, Patterson, Rasmussen and Oke; by request of Governor Locke)

Read first time 02/05/98. Referred to Committee on .

1 AN ACT Relating to providing tax credits for businesses making
2 expenditures for work force training; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.16 RCW; and providing an
4 effective date.

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 RCW
7 to read as follows:

8 (1) A person whose application has been approved by the department
9 under this section may take a credit against tax imposed by this
10 chapter, subject to the limitations in this section. For the purposes
11 of this section, "employer" means the same as "person" as defined in
12 this chapter. The credit under this program is only available to
13 persons with five hundred or fewer employees.

14 (2)(a) The credit under this section is equal to fifty percent of
15 the amount of qualifying costs for work force training payments. A
16 person may not receive credit for amounts over five thousand dollars
17 annual training costs per employee. A person is not eligible to
18 receive total credits over two hundred fifty thousand dollars per

1 calendar year. A person may only receive credit for amounts expended
2 on job classes covered by the federal fair labor standards act.

3 (b) As a precondition to approval by the department under
4 subsection (4) of this section, the person must have entered into a
5 training contract with a public or private accredited and licensed
6 training institution. The work force training and education
7 coordinating board shall provide a list of accredited and licensed
8 institutions to interested persons and to the department. The training
9 contracts must be for the training of at least five employees. If an
10 employer does not have five employees to train, the person may
11 coordinate with other employers who have identical training needs to
12 create groups to meet the five person threshold. The contracts must
13 provide that the employee receiving training from the institution is to
14 take the courses and receive the training directed by his or her
15 employer and shall, for an employee contribution equivalent to one-
16 third the payments made by his or her employer, receive a voucher for
17 instruction of the employee's choice, which instruction shall be
18 equivalent, in either hours of training or cost of training, to that
19 directed by his or her employer.

20 (3) "Work force training payments" means the direct payments made
21 by either an employer or an employee under a contract with a public or
22 private accredited training institution for formal technical or skill
23 training, including basic skills. The term includes amounts in the
24 contract for costs of instruction, materials, equipment, rental of
25 class space, marketing, and overhead. "Work force training payments" do
26 not include employee tuition reimbursements unless the tuition
27 reimbursement is specifically included in a contract under subsection
28 (2)(b) of this section.

29 (4) Application for credits under this section shall be made to the
30 department in a form and manner as required by the department. The
31 application shall include an affidavit affirming the person's
32 compliance with this section. The department shall approve or deny
33 application for credits using the criteria under this section. The
34 department shall require the person receiving approval to keep such
35 records as are necessary for the department to verify eligibility under
36 this section. A person shall apply for the credit after making an
37 expenditure. Tax credit applications shall not be approved for
38 expenditures that occurred before the effective date of this act.

1 (5) Tax credits are available on a first-come basis, with priority
2 based on the date and time the application is received by the
3 department. The total of credits granted under this section and
4 section 2 of this act shall be no more than ten million dollars of
5 credits each fiscal year, with two million five hundred thousand
6 dollars of the ten million dollars to be set aside and allocated
7 exclusively for training for jobs in a distressed county. "Distressed
8 county" means a county in which the average level of unemployment for
9 the three years before the year in which an application is filed under
10 this section exceeds the average state unemployment for those years by
11 twenty percent. The department shall keep a running total of all
12 credits approved. If the amount submitted for a credit will cause the
13 cap to be exceeded, the department shall give a partial approval of the
14 application, equal to the amount of remaining credit available for the
15 fiscal year.

16 (6) No person is eligible for tax credits under this section in
17 excess of the amount of tax that would otherwise be due under this
18 chapter. Approved credit may not be carried over to subsequent
19 calendar years. The credit must be claimed by the due date of the last
20 tax return for the calendar year in which the payment is made. Any
21 unused credit expires. Refunds shall not be given in place of credits.

22 (7) If a person has used a credit granted under this section
23 against tax due under chapter 82.16 RCW the person may not use the same
24 credit for tax due under this chapter.

25 (8) A person who takes credits under RCW 82.04.4333 may not take a
26 credit under this section for the same training.

27 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
28 to read as follows:

29 The tax credit program under section 1 of this act is available to
30 persons for tax due under this chapter. If a person has used a credit
31 granted under this section against tax due under chapter 82.04 RCW, the
32 person may not use the same credit for tax due under this chapter. A
33 person who takes credits under RCW 82.04.4333 may not take a credit
34 under this section for the same training.

35 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

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