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**SUBSTITUTE HOUSE BILL 1016**

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**State of Washington                      60th Legislature                      2007 Regular Session**

**By** House Committee on Human Services (originally sponsored by Representatives Haler, Green, Takko, Appleton, Conway, Morrell, P. Sullivan, McDonald, Haigh, Simpson, Dunn, Dickerson, Walsh, Roberts, Wallace, Moeller, Linville, B. Sullivan, Springer, Wood, Kenney, Williams, Hinkle, Warnick and Campbell)

READ FIRST TIME 01/29/07.

1            AN ACT Relating to tax credits for hiring individuals with  
2 developmental disabilities; adding a new section to chapter 82.04 RCW;  
3 providing an effective date; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
6 to read as follows:

7            (1)(a) In computing the tax imposed under this chapter, a person is  
8 allowed a credit against the tax due. The credit is equal to one  
9 thousand dollars per fiscal year for each full-time employment position  
10 filled by an individual with a developmental disability after the  
11 effective date of this act. A credit is earned for the fiscal year the  
12 person is hired to fill the position. Additionally, a credit is earned  
13 for each fiscal year the position is continuously maintained over the  
14 subsequent consecutive fiscal years. If a position is filled before  
15 January 1st, this position is eligible for the full yearly credit. If  
16 it is filled after December 31st, this position is eligible for half of  
17 the credit.

18            (b) Credits are available on a first-in-time basis. The department  
19 shall maintain a running total of all credits claimed under this

1 section during each fiscal year. The department may not allow any  
2 credit, or portion thereof, which would cause the total amount of  
3 credit claimed under this section to exceed two million dollars in any  
4 fiscal year. The department shall provide written notice to any person  
5 who has claimed tax credits in excess of the two million dollar  
6 limitation in this subsection. The notice shall indicate the amount of  
7 tax due and shall provide that the tax be paid within thirty days from  
8 the date of such notice. The notice shall also advise the person that  
9 the unused credit can be claimed in the next fiscal year, subject to  
10 the two million dollar limit. The department shall not assess  
11 penalties and interest as provided in chapter 82.32 RCW on the amount  
12 due in the initial notice, if the amount due is paid by the due date  
13 specified in the notice, or any extension thereof.

14 (c) A person may claim the credit under this section only against  
15 taxes originally due and reported to the department on or after the  
16 date that the employment position is filled. The amount of credit  
17 claimed for a reporting period may not exceed the tax otherwise due  
18 under this chapter for that reporting period. Persons unable to claim  
19 their credit, or any portion thereof, in the fiscal year for which the  
20 credit was earned may carry the unused credit over to subsequent fiscal  
21 years until used. However, the carryover into subsequent fiscal years  
22 is only permitted to the extent that the two million dollar limit for  
23 any fiscal year is not exceeded. No refunds may be granted for credits  
24 under this section.

25 (d) No application is necessary to claim the tax credit.

26 (e) To claim a credit under this section, a person must  
27 electronically file with the department all returns, forms, and any  
28 other information required by the department, in an electronic format  
29 as provided or approved by the department. Any return, form, or  
30 information required to be filed in an electronic format under this  
31 section is not filed until received by the department in an electronic  
32 format. As used in this subsection, "return" has the same meaning as  
33 "return" in RCW 82.32.050.

34 (f) If the position filled by an individual with a developmental  
35 disability is not full time, the credit in (a) of this subsection must  
36 be ratably reduced.

37 (g) Credit is authorized only for employees hired for full-time  
38 employment positions where the hiring takes place on or after July 1,

1 2007. Full-time employment positions filled by existing employees are  
2 eligible for the credit under this section only if the position vacated  
3 by the existing employee is filled by a new hire, and both the existing  
4 employee and the new hire are individuals with a developmental  
5 disability.

6 (h) A person may not claim the credit under this section if the  
7 person has claimed a credit against the tax due under this chapter,  
8 under any other provision of law, with respect to the same employment  
9 position.

10 (2) If at any time the department finds that a person is not  
11 eligible for the tax credit under this section for any reason, the  
12 amount of taxes for which a credit has been claimed for which the  
13 person was not eligible for the credit shall be immediately due. The  
14 department shall assess interest, but not penalties, on the taxes for  
15 which the person is not eligible. The interest shall be assessed at  
16 the rate provided for delinquent excise taxes under chapter 82.32 RCW,  
17 shall be assessed retroactively to the date the tax credit was claimed,  
18 and shall accrue until the taxes for which a credit has been used are  
19 repaid.

20 (3) Unless the context clearly requires otherwise, the definitions  
21 in this subsection apply throughout this section:

22 (a) "Fiscal year" means the twelve-month period beginning July 1st  
23 and ending the following June 30th.

24 (b) "Full-time" means at least thirty-five hours a week, four  
25 hundred fifty-five hours a quarter, or one thousand eight hundred  
26 twenty hours a year.

27 (c) "Full-time employment position" means a permanent full-time  
28 employee, who is employed for at least twelve consecutive months. Once  
29 a permanent full-time employee has been hired, a position does not  
30 cease to be a full-time employment position solely due to periods in  
31 which the position goes vacant, as long as:

32 (i) The cumulative period of any vacancies in that position is not  
33 more than one hundred twenty days in the fiscal year;

34 (ii) During a vacancy, the employer is training or actively  
35 recruiting a replacement; and

36 (iii) The vacancy is filled by a permanent full-time employee who  
37 is an individual with a developmental disability.

1 (d) "Individual with a developmental disability" means an  
2 individual with a developmental disability as defined in RCW  
3 71A.10.020.

4 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
5 preservation of the public peace, health, or safety, or support of the  
6 state government and its existing public institutions, and takes effect  
7 July 1, 2007.

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