
HOUSE BILL 2660

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Halper, Klippert, Hayes, Walsh, Zeiger, MacEwen, Magendanz, and Freeman

Read first time 01/23/14. Referred to Committee on Finance.

1 AN ACT Relating to a business and occupation tax credit for
2 businesses that hire individuals with developmental disabilities;
3 adding a new section to chapter 82.04 RCW; creating a new section;
4 providing an effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that it is in the
7 public benefit to increase opportunities for individuals with
8 developmental disabilities to work in the community. The legislature
9 intends to incentivize the hiring of individuals with developmental
10 disabilities, whether on a full or part-time basis, by providing a
11 credit against the business and occupation tax of up to one thousand
12 dollars per individual with a developmental disability hired or
13 maintained on the payroll. Additionally, to limit the fiscal impact,
14 the legislature finds that capping this tax credit at two million
15 dollars per year is a fiscally responsible way to ensure the benefit
16 provided by this tax incentive is thoughtfully considered when
17 prioritizing the revenue needs of the state.

18 (2) It is the specific public policy objective of this act to
19 provide tax relief to those businesses that increase the opportunities

1 of workers with developmental disabilities by employing such workers in
2 their community. The legislature categorizes this tax preference as
3 one intended to provide tax relief to certain businesses, as described
4 in RCW 82.32.808 (2)(e).

5 (3) In order to obtain the necessary data to perform a review of
6 this tax preference, persons using this preference must file an annual
7 application with the department of revenue to be eligible to claim the
8 preference.

9 (4) The joint legislative audit and review committee must review
10 the tax preference provided in this act as part of its normal review
11 process of tax preferences. The committee must specifically assess the
12 number of employment positions filled by individuals with developmental
13 disabilities using data provided by the department of revenue and
14 estimate the cost per job based on the amount of credit taken by
15 eligible persons.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
17 to read as follows:

18 (1)(a) In computing the tax imposed under this chapter, a person is
19 allowed a credit against the tax due. The credit is equal to one
20 thousand dollars per calendar year for each full-time employment
21 position filled by an individual with a developmental disability after
22 the effective date of this section. A partial credit is allowed per
23 calendar year for a part-time employment position filled by an
24 individual with a developmental disability as follows:

25 (i) A credit equal to seven hundred fifty dollars for part-time
26 positions between thirty and thirty-four hours per week;

27 (ii) A credit equal to five hundred dollars for part-time positions
28 between twenty and twenty-nine hours per week;

29 (iii) A credit equal to two hundred fifty dollars for part-time
30 positions between ten and nineteen hours per week;

31 (iv) There is no partial credit for any part-time position that is
32 less than ten hours per week.

33 (b) A credit is earned for the calendar year the person is hired to
34 fill the position. Additionally, a credit is earned for each calendar
35 year the position is continuously maintained over the subsequent
36 consecutive calendar years. If a position is filled before July 1st,

1 this position is eligible for the full yearly credit. If it is filled
2 on or after July 1st, this position is eligible for half of the credit.

3 (c) Credits are available on a first in-time basis. The department
4 must maintain a running total of all credits claimed under this section
5 during each calendar year. The department may not allow any credit, or
6 portion thereof, which would cause the total amount of credit claimed
7 under this section to exceed two million dollars in any calendar year.
8 The department must provide written notice to any person who has
9 claimed tax credits in excess of the two million dollar limitation in
10 this subsection. The notice must indicate the amount of tax due and
11 provide that the tax be paid within thirty days from the date of such
12 notice. The notice must also advise the person that the unused credit
13 can be claimed in the next calendar year, subject to the two million
14 dollar limit. The department may not assess penalties and interest as
15 provided in chapter 82.32 RCW on the amount due in the initial notice,
16 if the amount due is paid by the due date specified in the notice, or
17 any extension thereof.

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

29 (e) An annual application must be filed electronically with the
30 department to claim the credit. The application must include, but is
31 not limited to, the following information:

32 (i) The number of full-time individuals with developmental
33 disabilities hired in a given year;

34 (ii) The number of part-time individuals with developmental
35 disabilities hired in a given year, categorized by the weekly hours
36 worked in (a) of this subsection; and

37 (iii) Total hours worked by all individuals with developmental
38 disabilities hired in a given year.

1 (f) To claim a credit under this section, a person must
2 electronically file with the department all returns, forms, and any
3 other information required by the department, in an electronic format
4 as provided or approved by the department. Any return, form, or
5 information required to be filed in an electronic format under this
6 section is not filed until received by the department in an electronic
7 format. As used in this subsection, "return" has the same meaning as
8 "return" in RCW 82.32.050.

9 (g) A credit is authorized only for employees hired for full-time
10 or part-time employment positions when the hiring takes place on or
11 after July 1, 2014. Full-time or part-time employment positions filled
12 by existing employees are eligible for the credit under this section
13 only if the position vacated by the existing employee is filled by a
14 new hire, and both the existing employee and the new hire are
15 individuals with a developmental disability.

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

20 (2) If at any time the department finds that a person is not
21 eligible for the tax credit under this section for any reason, the
22 amount of taxes for which a credit has been claimed for which the
23 person was not eligible for the credit is immediately due. The
24 department must assess interest, but not penalties, on the taxes for
25 which the person is not eligible. The interest must be assessed at the
26 rate provided for delinquent excise taxes under chapter 82.32 RCW,
27 assessed retroactively to the date the tax credit was claimed, and must
28 accrue until the taxes for which a credit has been used are repaid.

29 (3) The definitions in this subsection apply throughout this
30 section unless the context clearly requires otherwise.

31 (a) "Calendar year" means the twelve-month period beginning January
32 1st and ending the following December 31st.

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

36 (c) "Full-time employment position" means a permanent full-time
37 employee, who is employed for at least twelve consecutive months. Once

1 a permanent full-time employee has been hired, a position does not
2 cease to be a full-time employment position solely due to periods in
3 which the position goes vacant, as long as:

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

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

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

10 (d) "Individual with a developmental disability" means an
11 individual with a developmental disability as defined in RCW
12 71A.10.020.

13 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2014.

14 NEW SECTION. **Sec. 4.** This act expires July 1, 2019.

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