

SENATE BILL REPORT

2SHB 1033

As of March 15, 2021

Title: An act relating to the Washington customized employment training program.

Brief Description: Concerning the Washington customized employment training program.

Sponsors: House Committee on Finance (originally sponsored by Representatives Leavitt, Boehnke, Bronoske, Santos, Paul and Orwall).

Brief History: Passed House: 3/3/21, 97-0.

Committee Activity: Higher Education & Workforce Development: 3/16/21.

Brief Summary of Bill

- Extends the expiration date for the Washington Customized Employment Training Program business and occupation tax credit to July 1, 2026.
- Requires the State Board for Community and Technical Colleges to report certain data from the Washington Customized Employment Training Program to the Legislature.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Staff: Kellee Gunn (786-7429)

Background: Washington Customized Employment Workforce Training Program. The Washington Customized Employment Workforce Training Program (program) was created in 2006 for employers locating or expanding in the state. The original program was set to expire in 2012 but was extended to July 1, 2021 in 2012.

The program awards training allowances to employers who have entered into training agreements with community and technical colleges (CTCs) in the state. Preference in

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granting training allowances is given to employers with fewer than 50 employees. At the completion of training, employers are required to pay one-quarter of the cost of the training into the employment training finance account (account). The additional three-quarters of the cost are to be paid into the account over the following 18 months. A business and occupation (B&O) tax credit is provided to employers for half of the amount they pay into the account for employee training. The employer must make good faith efforts to hire from trainees in the program, otherwise the employer is expected to make additional payments to the account. Colleges must make good faith efforts to use trainers preferred by employers participating in the program.

The State Board for Community and Technical Colleges (SBCTC) administers the program.

Summary of Bill: Washington Customized Employment Workforce Training Program. The B&O tax exemption for employers participating in the program is extended from July 1, 2021, to July 1, 2026.

By December 31, 2024, the SBCTC shall submit a report to the higher education committees of the Legislature that provides the following information:

- industries supported by the program;
- location of participating companies;
- number of employees trained;
- types of occupations included in the training;
- wages before the program and one year after training;
- retention of employees for the year after training; and
- credential attainment of employees when training is completed, if applicable.

Tax Preference Statement. There is a tax preference statement which establishes that the Legislature's public policy objective with the program is to provide customized training assistance that retains and expands existing businesses in Washington. If the Joint Legislative Audit Review Committee finds that 75 percent of the participating businesses complete the training and repay the customized employment training program loan, then the Legislature intends to extend the expiration date of this tax preference.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on July 1, 2021.