

---

SENATE BILL 5195

---

State of Washington

54th Legislature

1995 Regular Session

By Senators Quigley, Winsley, Sheldon, Haugen and Wojahn; by request of Governor Lowry

Read first time 01/13/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to public assistance recipient job training  
2 programs and employer business and occupation and utility tax credit  
3 incentives; adding a new chapter to Title 82 RCW; adding a new chapter  
4 to Title 74 RCW; creating new sections; providing an effective date;  
5 and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature that the  
8 department of social and health services, the employment security  
9 department, the work force training and education coordinating board,  
10 the department of community, trade, and economic development, and the  
11 community and technical colleges work together to market the tax  
12 incentive program established under section 5 of this act.

13 The goals of the tax incentive program are to give employers  
14 incentives to hire and train public assistance recipients and to  
15 increase the employability of public assistance recipients.

16 The legislature intends to achieve these goals through the  
17 provision of tax incentives in the form of tax credits for persons who  
18 agree, in writing, to hire and train recipients of aid to families with  
19 dependent children.

1 The legislature finds that incentives should be targeted by  
2 allowing smaller incentives to employers of recipients who have already  
3 achieved the higher levels of education and job experience while  
4 providing larger incentives for employers of recipients who are less  
5 job ready.

6 NEW SECTION. **Sec. 2.** (1) A person shall be allowed a credit  
7 against tax due under chapter 82.04 or 82.16 RCW of an amount equal to  
8 one hundred twenty percent of the payment made by an employer to a  
9 qualified training institution under a training plan for training a  
10 qualified employee, subject to the limitations set forth in this  
11 section. A person may not receive a credit for the same amounts under  
12 both chapters 82.04 and 82.16 RCW.

13 (2) A person claiming the credit shall file an affidavit form  
14 prescribed by the department, which shall include the amount of the  
15 credit claimed and additional information as the department may  
16 require.

17 (3)(a) The tax credit in respect to any qualified employee may not  
18 in a calendar year exceed:

19 (i) The lesser of eight percent of the qualified employee's gross  
20 annual wages or one thousand two hundred dollars in the case of a  
21 category 1 qualified employee;

22 (ii) The lesser of sixteen percent of the qualified employee's  
23 gross annual wages or two thousand four hundred dollars, in the case of  
24 a category 2 qualified employee; or

25 (iii) The lesser of twenty-four percent of the qualified employee's  
26 gross annual wages or three thousand six hundred dollars in the case of  
27 a category 3 qualified employee.

28 (b) The office of financial management shall, by December 1, 1995,  
29 for calendar year 1996, and by December 1, each year thereafter by  
30 December 1 adjust the payment maximums under this subsection (3) to  
31 reflect inflation, using the previous calendar year's limit adjusted by  
32 an appropriate federal inflationary index reflecting the rate of  
33 inflation for the previous year. The department shall publish the new  
34 payment maximums.

35 (4) The credit in respect to any qualified employee may not be  
36 taken:

37 (a) For more than one year of training in the case of a category 1  
38 qualified employee; or

1 (b) For more than three years of training in the case of a category  
2 2 or category 3 qualified employee.

3 (5) The credit shall be taken against taxes due for the same  
4 calendar year in which the payment is made to the qualified training  
5 institution and must be claimed by the due date of the last tax return  
6 for the calendar year in which the payment is made to the qualified  
7 training institution.

8 (6) The department shall allow accrual of tax credits to a  
9 successor employer, if the business or firm is sold, assigned,  
10 conveyed, or otherwise transferred.

11 (7) Total credits allowed to all persons claiming credits may not  
12 exceed fifteen million dollars in any biennium.

13 (8) This section shall expire December 31, 2003.

14 NEW SECTION. **Sec. 3.** The definitions in this section apply  
15 throughout this chapter and sections 5 through 8 of this act, unless  
16 the context indicates otherwise.

17 (1) "Gross annual wages" means salary, wages, tips, and other  
18 compensation paid to a qualified employee paid by an employer claiming  
19 the credit under this section during the calendar year for which the  
20 credit is claimed.

21 (2) "Qualified employee" and "category 1, 2, or 3 qualified  
22 employee" means a person certified as such by the department of social  
23 and health services who is hired before June 30, 2000. "Qualified  
24 employee" does not include any person hired by an employer to replace  
25 strikers or locked-out workers.

26 (3) "Qualified training institution" means a community or technical  
27 college, four-year college or university, public or private  
28 institution, apprenticeship programs recognized by the Washington state  
29 apprenticeship and training council, or a private industry council that  
30 has entered into a training plan that provides for the training of a  
31 qualified employee of a person claiming the credit under this section.

32 (4) "Person" has the meaning given in RCW 82.04.030.

33 (5) "Training plan" means a written agreement, signed by a  
34 qualified employee, a union or other employee bargaining representative  
35 if the position is covered by a collective bargaining agreement, a  
36 qualified training institution, the department of social and health  
37 services or a designee of the department, and an employer claiming the  
38 credit under this section, which specifies the amount that the employer

1 will pay the qualified training institution for the payment costs for  
2 the qualified employee, the learning objectives that will be achieved  
3 by the training, and a statement of progressively increasing scale of  
4 wages to be paid to the employee during the training plan period, using  
5 a wage scale that exceeds federal poverty levels for a family of three.

6 NEW SECTION. **Sec. 4.** Chapter 82.32 RCW applies to the  
7 administration of this chapter.

8 NEW SECTION. **Sec. 5.** (1) The tax incentive program is hereby  
9 established. The department of social and health services is  
10 authorized to enter into training plans. The department of social and  
11 health services shall by rule adopt guidelines for the tax incentive  
12 program. The guidelines shall include, but are not limited to:

13 (a) Designation of three categories of eligible aid to families  
14 with dependent children recipients. The department of social and  
15 health services shall by rule establish criteria for assigning  
16 recipients into categories 1, 2, and 3. In establishing the criteria,  
17 the department shall consider the degree of work experience, training,  
18 wage and employment history, and education, category 1 representing  
19 recipients with the highest degree of job readiness.

20 (b) Selection criteria that includes establishment of a pool of  
21 prospective public assistance participants.

22 (c) A restriction on the total number of employees that an employer  
23 may have in the program, except that no more than twenty percent of the  
24 employers' employees may participate in the program.

25 (d) A requirement that the employer participate in the earned  
26 income tax credit program.

27 (e) Standards regarding length of training plans, requiring the  
28 training institution to design the plan length so that it meets  
29 accepted training standards for that industry or profession. Training  
30 plans may not exceed three years.

31 (2) Qualified training institutions are deemed accredited for the  
32 purposes of this chapter if they meet national standards, standards of  
33 the state board for community and technical colleges, or standards of  
34 the work force training and education coordinating board.

35 (3) The department of social and health services may contract with  
36 a public or private entity to carry out the department's duties under  
37 this chapter. The department of social and health services reserves

1 the right to withdraw designation of authority to this entity without  
2 showing cause.

3 (4) The department of social and health services shall manage the  
4 program so that the total amount of credits by all persons claiming tax  
5 credits under sections 1 through 4 of this act does not exceed fifteen  
6 million dollars in any biennium. The department shall enter into  
7 contracts with employers on a first-come, first-serve basis. The  
8 department shall not enter into contracts if the potential amount of  
9 credits by all persons potentially claiming credits will exceed fifteen  
10 million dollars in any biennium.

11 NEW SECTION. **Sec. 6.** The department of social and health services  
12 may institute an experimental and control group study under this  
13 program. The department, in carrying out this study, may select  
14 particular recipients or categories of recipients, and is not subject  
15 to claims of discrimination from recipients who are not participating  
16 in the experimental group, if the selection process is in the  
17 furtherance of a valid public purpose.

18 NEW SECTION. **Sec. 7.** The department of social and health  
19 services, the employment security department, the department of  
20 community, trade, and economic development, and the community and  
21 technical colleges shall cooperate and coordinate among the existing  
22 state and federal assistance and training programs to focus the efforts  
23 of enrollees and programs to most effectively achieve results from the  
24 various programs.

25 NEW SECTION. **Sec. 8.** (1) No training plans may be entered into  
26 after June 30, 2000. Contracts in effect on June 30, 2000, shall  
27 continue in effect according to the terms of the contract.

28 (2) If the program under chapter . . ., Laws of 1995 (this act) is  
29 terminated before June 30, 2000, persons eligible for tax credits at  
30 the time of program termination under sections 1 through 5 of this act  
31 shall receive such credits, subject to the limitations in section 2(7)  
32 of this act.

33 NEW SECTION. **Sec. 9.** (1) Sections 1 through 4 of this act shall  
34 constitute a new chapter in Title 82 RCW.

1 (2) Sections 5 through 8 of this act shall constitute a new chapter  
2 in Title 74 RCW.

3 NEW SECTION. **Sec. 10.** The department of revenue and the  
4 department of social and health services shall perform an assessment of  
5 the results of the tax incentive program created by this act and  
6 deliver a report on the assessment to the governor and the legislature  
7 by December 1, 1999. The assessment shall measure the effect of the  
8 tax incentive program on increasing self-sufficiency of public  
9 assistance recipients, and other factors the department of revenue and  
10 the department of social and health services may select.

11 NEW SECTION. **Sec. 11.** If any part of this act is found to be in  
12 conflict with federal requirements that are a prescribed condition to  
13 the allocation of federal funds to the state, the conflicting part of  
14 this act is inoperative solely to the extent of the conflict and with  
15 respect to the agencies directly affected, and this finding does not  
16 affect the operation of the remainder of this act in its application to  
17 the agencies concerned. The rules under this act shall meet federal  
18 requirements that are a necessary condition to the receipt of federal  
19 funds by the state.

20 NEW SECTION. **Sec. 12.** If any provision of this act or its  
21 application to any person or circumstance is held invalid, the  
22 remainder of the act or the application of the provision to other  
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 13.** This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and shall take  
27 effect July 1, 1995.

--- END ---