

---

**SUBSTITUTE SENATE BILL 6377**

---

**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** Senate Committee on Human Services & Corrections (originally sponsored by Senator Heavey)

Read first time 02/02/96.

1 AN ACT Relating to business tax credits for assisting in the  
2 provision of child care; adding new sections to chapter 82.04 RCW; and  
3 providing an effective date.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds there is a  
6 shortage of available quality child care because of the growing number  
7 of working persons who need child care assistance. This causes  
8 problems for the families and for economic development. Child care  
9 provided by employers or assisted by employers has advantages for both  
10 the employer and the employee and his or her family. The advantages  
11 for the employer include lower absenteeism, lower job turnover, and a  
12 more productive employee. The advantages for the employee include  
13 accessibility to the child by a parent during the workday, coordination  
14 of the child care center with the employee's work hours, and a higher  
15 assurance of quality care for the child.

16 (2) The legislature also finds employer-provided or employer-  
17 assisted child care provides significant public benefits by  
18 contributing to a more stable and productive work force, to quality  
19 care for children, and to a more stable family. Property owners who

1 provide facilities for companies can also make a significant  
2 contribution by providing child care assistance.

3 NEW SECTION. **Sec. 2.** (1) In computing the tax due under this  
4 chapter, a credit against the amount of tax is allowed for money spent  
5 or space provided for child care or assisting off-site child care  
6 programs, as provided in this section and sections 3 and 4 of this act.

7 (2) For on-site child care space provided by a single taxpayer, the  
8 available credit in each tax year is three dollars per square foot for  
9 space provided exclusively for child care. In each tax year, an  
10 additional one dollar per square foot of space may be taken as a credit  
11 for each of the following provided by a child care facility: (a) An  
12 outside play area, (b) sick leave, vacation, and health benefits for  
13 employees of the child care facility, (c) care for children with  
14 disabilities, and (d) after one year of operation, accreditation by a  
15 national association for the education of young people.

16 (3) For centrally located on-site or off-site child care space that  
17 is provided jointly by two or more taxpayers, the available credit is  
18 based on the criteria in subsection (2) of this section but is prorated  
19 between the taxpayers providing the child care.

20 (4) For assisting off-site child care that does not fall under  
21 subsection (2) or (3) of this section, such as subsidizing local child  
22 care centers, establishing or subsidizing a local family child care  
23 home network, or otherwise working with community organizations to  
24 provide child care services, the available credit is up to twenty-five  
25 percent of the amount expended in any tax year.

26 (5) The credits allowed under this section are allowed for each  
27 child care facility or program established or assisted by a taxpayer.  
28 A taxpayer may take credits for one or more child care facilities or  
29 programs.

30 (6) Credits under this section are only allowed for operating  
31 expenditures attributable to, or other amounts expended for, employees  
32 and their spouses whose combined adjusted gross incomes are less than  
33 three times the amount listed in the federal register, each year, for  
34 the poverty guideline for a family of three living within the forty-  
35 eight contiguous states of the United States.

36 NEW SECTION. **Sec. 3.** (1) The credits allowed under section 2 of  
37 this act are available only if the child care is provided in this state

1 and meets all the state and local requirements regarding the provision  
2 of child care, including licensing and operating the child care  
3 facility.

4 (2) The child care facility may, when space is available, provide  
5 care for the children of persons not employed by the taxpayer  
6 requesting the credit under section 2 of this act. However, if the  
7 taxpayer is providing child care for its own employees, the taxpayer's  
8 involvement in child care shall be generally proportionate to the  
9 expected needs of the employees or, if the taxpayer is a property  
10 owner, to the expected needs of employees of businesses located on the  
11 property.

12 (3) Credits allowed under section 2 of this act are not available  
13 when any space provided for child care is not donated.

14 (4) Credits allowed under section 2 of this act are limited to a  
15 maximum of three hundred square feet per full-time child. The number  
16 of full-time children must be certified to the department by the  
17 taxpayer as of the last day of the last month of the taxpayer's tax  
18 year. For the purposes of this subsection, "full-time child" means a  
19 child that receives child care for an average of at least six hours per  
20 day.

21 NEW SECTION. **Sec. 4.** The total amount of credits allowed to  
22 taxpayers under section 2 of this act shall not exceed one hundred  
23 thousand dollars in fiscal year 1997, two hundred thousand dollars in  
24 fiscal year 1998, three hundred thousand dollars in fiscal year 1999,  
25 and four hundred thousand dollars each fiscal year thereafter.

26 NEW SECTION. **Sec. 5.** The department of revenue shall, following  
27 consultation with the department of social and health services, adopt  
28 rules deemed necessary by the department to carry out sections 1  
29 through 4 of this act, including rules for applying for the credits  
30 allowed under sections 1 through 4 of this act and for prioritizing  
31 credits on the basis of need and the greatest public benefit when the  
32 limits established under section 4 of this act may be exceeded. The  
33 department shall report to the legislature on sections 1 through 4 of  
34 this act in December 1998 with recommendations.

35 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act are each  
36 added to chapter 82.04 RCW.

1      NEW SECTION.    **Sec. 7.**    This act shall take effect July 1, 1996.

--- END ---