

5 On page 1 after line 5, insert the following:

6 NEW SECTION. **Sec. 1.** (1) A tax credit is authorized equal to
7 twenty-five percent of the amounts expended for: (a) Constructing,
8 repairing, or improving new or existing buildings or other structures
9 used as an on-site child care facility for employees within the state;
10 (b) operating expenditures made in providing child care in an on-site
11 facility for employees within the state; (c) purchasing of child-care
12 services within the state for employees from other child care
13 providers; and (d) payments made on behalf of an employee under a
14 dependent care assistance program pursuant to the internal revenue
15 code, 26 U.S.C. Sec. 129, to the extent the amounts are used to provide
16 child care services within the state for a dependent of the employee.

17 (2) This section shall not apply to expenditures that are
18 reimbursed by the employee or any third party.

19 NEW SECTION. **Sec. 2.** (1)(a) The credit under section 2 of this act
20 may be applied to taxes under chapter 82.04 or 82.16 RCW. A person may
21 not receive a credit for the same expenditures under both chapters
22 82.04 and 82.16 RCW. The credit shall be taken against taxes due for
23 the same calendar year in which the amounts were paid. The credit must
24 be claimed by the due date of the last tax return for the calendar year
25 in which the payment is made.

26 (b) The annual credit claimed by any person under this section
27 shall not exceed the lesser of the tax otherwise due under this chapter
28 during the same calendar year or two hundred thousand dollars.

29 (c) No portion of an application for credit under this section may
30 be carried back or carried forward to a different calendar year.

31 (2) The taxpayer shall repay all taxes not paid because of the
32 credit granted under section 2(1)(a) of this act plus applicable
33 interest under RCW 82.32.050, but not penalties, computed from the time
34 the taxes would have been paid until the date of payment if the
35 taxpayer changes the use of the child care facility less than ten years

1 after the facility is built. This subsection does not apply if: (a)
2 The business ceases operation; (b) the business no longer has employees
3 who wish to utilize the child care facility; or (c) the child care
4 facility is replaced with a child care facility of equal or greater
5 capacity for which no credit was taken under section 2(1)(a) of this
6 act.

7 (3) A credit is only allowed under this section for operating
8 expenditures attributable to, or other amounts expended for, employees
9 whose total compensation paid by the employer, figured on a full-time
10 equivalent basis, is less than three times the amount listed in the
11 federal register, each year, for the poverty guideline for a family of
12 three living within the forty-eight contiguous states of the United
13 States.

14 NEW SECTION. **Sec. 3.** Two or more entities that pay tax under
15 chapter 82.04 or 82.16 RCW may jointly receive the credit available
16 under section 2 of this act under the following circumstances:

17 (1) An on-site facility is jointly owned or operated by the
18 entities or the contract for provision of child care services is
19 jointly executed by the entities with the same provider of child care;

20 (2) The conditions in section 3(1) of this act shall apply to the
21 construction and operation or purchase of child care services;

22 (3) The percentage of the credit for construction of an on-site
23 facility available to each entity shall be equal to the percentage of
24 ownership interest each entity has in the facility;

25 (4) The percentage of the annual credit available to each entity
26 for operating an on-site facility, or for the provision of child care
27 services, shall be equal to the percentage of the operating or
28 provision expenditures made by each entity; and

29 (5) The entities share common areas of real property including but
30 not limited to walls, hallways, and parking or occupy the same parcel
31 of land for property tax purposes.

32 NEW SECTION. **Sec. 4.** The department in cooperation with the child
33 care coordinating committee shall report to the governor and
34 legislature by December 1 of each year the number of employers who
35 receive the credits provided under sections 2 through 4 of this act and
36 the number of employees for whom the credit has been given, including
37 the amount of the credits granted.

