CERTIFICATION OF ENROLLMENT

SECOND SUBSTITUTE SENATE BILL 6326

Chapter 112, Laws of 2006

59th Legislature
2006 Regular Session

CUSTOMIZED EMPLOYMENT TRAINING

EFFECTIVE DATE: 6/7/06

Passed by the Senate March 7, 2006
YEAS 47   NAYS 1

BRAD OWEN
President of the Senate

Passed by the House March 4, 2006
YEAS 63   NAYS 32

FRANK CHOPP
Speaker of the House of Representatives

CERTIFICATE
I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SECOND SUBSTITUTE SENATE BILL 6326 as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN
Secretary

Approved March 20, 2006.

FILED
March 20, 2006 - 10:19 a.m.

CHRISTINE GREGOIRE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to providing a source of funding for customized work force training; amending RCW 82.32.590; adding new sections to chapter 82.04 RCW; adding a new section to chapter 28B.50 RCW; adding a new chapter to Title 28B RCW; and providing an expiration date.

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

NEW SECTION. Sec. 1. The legislature finds that the provision of customized training is critical to attracting and retaining businesses, and that the growth of many businesses is limited by an unmet need for customized training. The legislature also finds that work force training not only helps business, it also improves the quality of life for workers and communities. Because of the statewide public benefit to be gained from instituting a customized training program, the legislature intends to create a new program to fund work force training in a manner that reduces the up-front costs of training to new and expanding firms.

NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
(1) "Board" means the state board for community and technical colleges.

(2) "Costs of training" and "training costs" means the direct costs experienced under a contract with a qualified training institution for formal technical or skill training, including basic skills. "Costs of training" includes amounts in the contract for costs of instruction, materials, equipment, rental of class space, marketing, and overhead. "Costs of training" does not include employee tuition reimbursements unless the tuition reimbursement is specifically included in a contract.

(3) "Participant" means a private employer that, under this chapter, undertakes a training program with a qualified training institution.

(4) "Qualified training institution" means a public community or technical college or a private vocational school licensed by either the work force training and education coordinating board or the higher education coordinating board.

(5) "Training allowance" and "allowance" means a voucher, credit, or payment from the board to a participant to cover training costs.

(6) "Training program" means a program funded under this chapter at a qualified training institution.

NEW SECTION. Sec. 3. (1) The Washington customized employment training program is hereby created to provide training assistance to employers locating or expanding in the state.

(2)(a) Application to receive funding under this program shall be made to the board in a form and manner as specified by the board. Successful applicants shall receive a training allowance from the board to cover the costs of training at a qualified training institution. Employers may not receive an allowance for training costs which exceed the maximum annual training cost per employee, as established by the board, and are not eligible to receive an allowance or allowances of over five hundred thousand dollars per calendar year.

(b) Allowances shall be granted for applicants who meet the following criteria:

(i) The employer must have entered into an agreement with a qualified training institution to engage in customized training and the employer must agree to: (A) Upon completion of the training, make a
payment to the employment training finance account created in section 8 of this act in an amount equal to one-quarter of the amount of the training allowance; and (B) over the subsequent eighteen months, make monthly or quarterly payments, as specified in the agreement, to the employment training finance account created in section 8 of this act in an amount equal to three-quarters of the amount of the training allowance. The payments into the employment training finance account provided for in this section do not constitute payment to the institution.

(ii) The employer must ensure that the number of employees an employer has in the state during the calendar year following the completion of the training program will equal the number of employees the employer had in the state in the calendar year preceding the start of the training program plus seventy-five percent of the number of trainees. The agreement with the qualified training institution provided for in (b)(i) of this subsection shall specify terms for reimbursement or additional payment to the employment training finance account by the employer if the employment criterion of this subsection is not met.

(iii) The training grant may not be used to train workers who have been hired as a result of a strike or lockout.

(c) Preference shall be given to employers with fewer than fifty employees.

(3) Qualified training institutions may enter into agreements with four-year institutions of higher education, as defined in RCW 28B.10.016, in accordance with the interlocal cooperation act, chapter 39.34 RCW.

(4) The board and qualified training institutions may solicit and receive gifts, grants, funds, fees, and endowments, in trust or otherwise, from tribal, local, federal, or other governmental entities, as well as private sources, for the purpose of providing training allowances under this act. All revenue thus solicited and received shall be deposited into the employment training finance account created in section 8 of this act.

(5) The board may adopt rules to implement this section.

NEW SECTION. Sec. 4. This chapter, being necessary for the welfare of the state and its inhabitants, shall be liberally construed
to effect its purposes. Insofar as the provisions of this chapter are inconsistent with the provisions of any general or special law, or parts thereof, the provisions of this chapter shall be controlling.

NEW SECTION. Sec. 5. A new section is added to chapter 82.04 RCW to read as follows:

In computing the tax imposed under this chapter, a credit is allowed for participants in the Washington customized employment training program created in section 3 of this act. The credit allowed under this section is equal to fifty percent of the value of a participant's payments to the employment training finance account created in section 8 of this act. If a participant in the program does not meet the qualifications in section 3(2)(b)(ii) of this act, the participant must remit to the department the value of any credits taken plus interest. The credit earned by a participant in one calendar year may be carried over to be credited against taxes incurred in a subsequent calendar year. No credit may be allowed for repayment of training allowances received from the Washington customized employment training program on or after July 1, 2016.

NEW SECTION. Sec. 6. A new section is added to chapter 82.04 RCW to read as follows:

(1) The legislature finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information on how a tax incentive is used.

(2) Each person claiming a tax credit under section 5 of this act shall report information to the department by filing a complete annual survey. The survey is due by March 31st of the year following any calendar year in which a tax credit under section 5 of this act is taken. The department may extend the due date for timely filing of annual surveys under this section as provided in RCW 82.32.590. The survey shall include the amount of tax credit taken. The survey shall also include the following information for employment positions in Washington:

(a) The number of total employment positions;
(b) Full-time, part-time, and temporary employment positions as a percent of total employment;
(c) The number of employment positions according to the following wage bands: Less than thirty thousand dollars; thirty thousand dollars or greater, but less than sixty thousand dollars; and sixty thousand dollars or greater. A wage band containing fewer than three individuals may be combined with another wage band; and

(d) The number of employment positions that have employer-provided medical, dental, and retirement benefits, by each of the wage bands.

The first survey filed under this subsection shall also include information for the twelve-month period immediately before first use of a tax incentive.

(3) The department may request additional information necessary to measure the results of the credit program, to be submitted at the same time as the survey.

(4) All information collected under this section, except the amount of the tax credit taken, is deemed taxpayer information under RCW 82.32.330. Information on the amount of tax credit taken is not subject to the confidentiality provisions of RCW 82.32.330.

(5) If a person fails to submit an annual survey under subsection (2) of this section by the due date of the report or any extension under RCW 82.32.590, the department shall declare the amount of taxes credited for the previous calendar year to be immediately due and payable. The department shall assess interest, but not penalties, on the amounts due under this section. The interest shall be assessed at the rate provided for delinquent taxes under this chapter, retroactively to the date the credit was claimed, and shall accrue until the taxes for which the credit was claimed are repaid. This information is not subject to the confidentiality provisions of RCW 82.32.330.

(6) The department shall use the information from this section to prepare summary descriptive statistics by category. No fewer than three taxpayers shall be included in any category. The department shall report these statistics to the legislature each year by September 1st.

(7) The department shall study the tax credit authorized in section 5 of this act. The department shall submit a report to the finance committee of the house of representatives and the ways and means committee of the senate by December 1, 2011. The report shall measure
the effect of the credit on job creation, job retention, company
growth, the movement of firms or the consolidation of firms' operations
into the state, and such other factors as the department selects.

Sec. 7. RCW 82.32.590 and 2005 c 514 s 1001 are each amended to
read as follows:

(1) If the department finds that the failure of a taxpayer to file
an annual survey under RCW 82.04.4452 or section 6 of this act by the
due date was the result of circumstances beyond the control of the
taxpayer, the department shall extend the time for filing the survey.
Such extension shall be for a period of thirty days from the date the
department issues its written notification to the taxpayer that it
qualifies for an extension under this section. The department may
grant additional extensions as it deems proper.

(2) In making a determination whether the failure of a taxpayer to
file an annual survey by the due date was the result of circumstances
beyond the control of the taxpayer, the department shall be guided by
rules adopted by the department for the waiver or cancellation of
penalties when the underpayment or untimely payment of any tax was due
to circumstances beyond the control of the taxpayer.

NEW SECTION. Sec. 8. A new section is added to chapter 28B.50 RCW
to read as follows:

(1) All payments received from a participant in the Washington
customized employment training program created in section 3 of this act
shall be deposited into the employment training finance account, which
is hereby created in the custody of the state treasurer. Only the
state board for community and technical colleges may authorize
expenditures from the account and no appropriation is required for
expenditures. The money in the account must be used solely for
training allowances under the Washington customized employment training
program created in section 3 of this act. The deposit of payments
under this section from a participant shall cease when the board
specifies that the participant has met the monetary obligations of the
program.

(2) All revenue solicited and received under the provisions of
section 3(4) of this act shall be deposited into the employment
training finance account to provide training allowances.
NEW SECTION. Sec. 9. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 10. Sections 1 through 4 of this act constitute a new chapter in Title 28B RCW.

NEW SECTION. Sec. 11. Sections 1 through 4 and 8 of this act expire July 1, 2012.

Passed by the Senate March 7, 2006.
Passed by the House March 4, 2006.
Approved by the Governor March 20, 2006.
Filed in Office of Secretary of State March 20, 2006.