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**SUBSTITUTE SENATE BILL 6182**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Trade & Economic Development (originally sponsored by Senators Braun, Bailey, Angel, Roach, Becker, Benton, Dammeier, Brown, Sheldon, Honeyford, O'Ban, Rivers, Schoesler, Tom, and Fain)

READ FIRST TIME 01/31/14.

1       AN ACT Relating to establishing a tax credit for employers  
2 participating in the apprenticeship program; adding new sections to  
3 chapter 82.04 RCW; adding a new section to chapter 28C.18 RCW; and  
4 providing an effective date.

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

6       NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8       This section is the tax preference performance statement for the  
9 tax preference contained in section 2 of this act. This performance  
10 statement is only intended to be used for subsequent evaluation of the  
11 tax preference. It is not intended to create a private right of action  
12 by any party or be used to determine eligibility for preferential tax  
13 treatment.

14       (1) The legislature categorizes this tax preference as one intended  
15 to create or retain jobs, and to provide an incentive to employers to  
16 increase the number and type of apprenticeship participants and  
17 programs, as indicated in RCW 82.32.808(2) (c) and (f).

18       (2) It is the legislature's specific public policy objective to  
19 increase the number and types of apprenticeship participants and

1 programs in Washington state. It is the legislature's intent to offer  
2 a business and occupation tax credit for employers that increase  
3 participation in and expand the number and types of apprenticeship  
4 programs, thereby inducing some businesses to hire more apprentices  
5 than they might otherwise, thereby meeting the demand for employers of  
6 skilled workers, and increasing the number of skilled jobs in  
7 Washington state.

8 (3) If a review finds that the number of new apprenticeship  
9 participants and programs increase by five percent over the baseline,  
10 then the legislature intends for the legislative auditor to recommend  
11 extending the expiration date of the tax preference.

12 (4) In order to obtain the data necessary to perform the review in  
13 subsection (3) of this section, the joint legislative audit and review  
14 committee should refer to the department of labor and industries  
15 apprenticeship program and the United States department of labor  
16 registered apprenticeship national results.

17 (5) The legislature finds that the registered apprenticeship  
18 program provides a cost-effective method for employers to obtain  
19 skilled workers and for employees to receive valuable training and  
20 credentials. The legislature further finds that apprenticeship  
21 programs are concentrated in the building trades industry, and  
22 providing incentives to expand the apprenticeship program to additional  
23 sectors where there are not sufficient skilled workers would retain and  
24 create skilled jobs and benefit the economy.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW  
26 to read as follows:

27 (1) In computing the tax imposed under this chapter, a person is  
28 allowed a credit as provided in this section. The credit is based on  
29 new apprenticeship positions created by employers participating in the  
30 Washington apprenticeship program approved by the apprenticeship  
31 council created in RCW 49.04.010. The credit is earned for the  
32 calendar year in which actual wages are paid for each new  
33 apprenticeship position. The credit is calculated as follows:

34 (a) The lesser of one thousand dollars or fifty percent of the  
35 actual wages and benefits paid for each new apprenticeship position  
36 established in an existing, approved apprenticeship program, if the

1 apprentice is a veteran, the lesser of two thousand dollars or fifty  
2 percent of the actual wages and benefits paid;

3 (b) The lesser of two thousand dollars or fifty percent of the  
4 actual wages and benefits paid for each new apprenticeship position  
5 established in a new apprenticeship program, if the apprentice is a  
6 veteran, the lesser of three thousand dollars or fifty percent of the  
7 actual wages and benefits paid; or

8 (c) The lesser of three thousand dollars or fifty percent of the  
9 actual wages and benefits paid for each new apprenticeship position  
10 established in a new apprenticeship program where the workforce  
11 training and education coordinating board has identified a gap in the  
12 supply of skilled workers, including but not limited to the aerospace  
13 industry, manufacturing industry, and medical industry, if the  
14 apprentice is a veteran, the lesser of four thousand dollars or fifty  
15 percent of the actual wages and benefits paid.

16 (2) The credit may be used against any tax due under this chapter,  
17 and may be carried over until used, up to four tax years after the tax  
18 year during which the credit was earned. No refunds may be granted for  
19 credits under this section.

20 (3) Credits earned under this section may be claimed only on  
21 returns filed electronically with the department using the department's  
22 online tax filing service or other method of electronic reporting as  
23 the department may authorize. The taxpayer must keep records necessary  
24 for the department to determine eligibility under this section  
25 including copies of military service records and records establishing  
26 the veteran's status when hired by the taxpayer.

27 (4) The definitions in this subsection apply throughout this  
28 section unless the context clearly requires otherwise.

29 (a) "New apprenticeship position" means an additional person  
30 participating in an approved apprenticeship program that is in addition  
31 to the number of apprenticeship positions filled by an employer prior  
32 to July 30, 2014. A new apprenticeship position created after August  
33 1, 2014, remains annually eligible for a tax credit under subsection  
34 (1) of this section if the apprenticeship position is in addition to  
35 the number of apprenticeship positions established by the employer  
36 before August 1, 2014.

37 (b) "New apprenticeship program" means an apprenticeship program

1 that did not exist before August 1, 2014, that is approved by the  
2 apprenticeship council created in RCW 49.04.010.

3 (c) "Veteran" means every person who has received an honorable  
4 discharge or received a discharge for medical reasons with an honorable  
5 record or is currently serving honorably, and who has served as a  
6 member in any branch of the armed forces of the United States,  
7 including the national guard and armed forces reserves.

8 (5) If at any time the department finds that a person is not  
9 eligible for a tax credit under this section, the amount of taxes for  
10 which a credit has been used are immediately due. The department must  
11 assess interest, but not penalties, on the credited taxes for which the  
12 person is not eligible. The interest must be assessed at the rate  
13 provided for delinquent excise taxes under chapter 82.32 RCW, must be  
14 assessed retroactively to the date the tax credit was taken, and must  
15 accrue until the taxes for which a credit has been used are repaid.

16 NEW SECTION. **Sec. 3.** A new section is added to chapter 28C.18 RCW  
17 to read as follows:

18 The board must annually identify and report to the department of  
19 revenue the approved apprenticeship programs that qualify for a tax  
20 credit under section 2(1)(c) of this act.

21 NEW SECTION. **Sec. 4.** This act takes effect August 1, 2014.

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