
SENATE BILL 6461

State of Washington

54th Legislature

1996 Regular Session

By Senators McAuliffe, Sheldon, Winsley and Kohl; by request of Governor Lowry

Read first time 01/15/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to business and occupation tax credits for
2 investment in training; adding a new section to chapter 82.04 RCW;
3 creating new sections; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the health,
6 safety, and welfare of the people of the state of Washington are
7 heavily dependent upon the continued encouragement, development, and
8 expansion of opportunities for family wage employment in the state's
9 manufacturing industries.

10 The legislature further finds that manufacturers have difficulty
11 recruiting and retaining employees with sufficient skills to perform
12 family wage jobs adequately.

13 The goal of this act is to give employers incentives to provide
14 educational opportunities to enhance the skills of manufacturing
15 employees.

16 The legislature intends to achieve this goal through the provision
17 of tax incentives in the form of tax credits for employers who pay
18 community colleges, technical colleges, or private vocational schools

1 to provide adult basic skills and literacy education and occupational
2 education to their employees.

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

5 (1) A person is allowed a credit against tax due under this chapter
6 of an amount equal to seventy-five percent of the payment made to a
7 qualified training institution for qualified costs of qualified
8 training for a qualified employee of the person, subject to the
9 eligibility standards and limitations set forth in this section.

10 (2) A person is eligible for the credit and the department shall
11 approve the credit only if:

12 (a) The person initiates operation of a new manufacturing facility
13 which includes an investment in machinery and equipment;

14 (b) The person's investment in machinery and equipment at an
15 existing manufacturing facility during the calendar year in which the
16 application is made is equal to or greater than ten percent of the
17 value of products manufactured at the facility in the immediately
18 preceding year; or

19 (c) The person's average employment positions at an existing
20 manufacturing facility will be at least ten percent greater in the year
21 for which credit is being sought than the person's average employment
22 positions at the facility in the immediately preceding year.

23 (3) The credit in respect to any qualified employee shall not
24 exceed two thousand two hundred fifty dollars, and a person is not
25 eligible for a credit in excess of two hundred fifty thousand dollars
26 for any calendar year.

27 (4) A person shall apply for the credit to the department on forms
28 and in such a manner as the department may require by rule before
29 payment to a qualified training institution of qualified costs for
30 which the credit is claimed. The department shall approve or deny the
31 application within sixty days.

32 (5) The person shall take the credit against taxes due for the same
33 calendar year in which the credit is approved by the department and
34 shall claim the credit by the due date of the last tax return for the
35 calendar year in which the credit is approved by the department, except
36 that, if the amount of the credit exceeds the amount of tax due under
37 this chapter such that the person is unable to claim the full amount of
38 the credit in the calendar year in which the credit is approved by the

1 department, the person shall claim the balance of the credit remaining
2 against taxes due for the earliest tax reporting period or periods
3 during which the person has sufficient taxes due under this chapter to
4 take the remaining balance of the credit.

5 (6) The department shall keep a running total of all credits
6 granted under this section during each calendar year and shall disallow
7 any credits that would cause the total credits for any calendar year to
8 exceed ten million dollars. Any person whose credit is disallowed
9 under this subsection is entitled to carry the credit forward and take
10 the credit during the earliest calendar year or calendar years during
11 which the total of all credits granted under this section does not
12 exceed ten million dollars. The department, in allowing the credit,
13 shall give priority to a person whose credit has been previously
14 disallowed under this subsection over persons initially claiming the
15 credit under this section.

16 (7) A person claiming the credit shall agree to supply the
17 department with information necessary to measure the results of the tax
18 credit program.

19 (8) For purposes of this section:

20 (a) "Employment position" means a permanent full-time position in
21 a manufacturing facility filled by a qualified employee during the
22 entire year;

23 (b) "Machinery and equipment" means machinery and equipment that
24 qualifies for exemption under RCW 82.08.02565 or 82.12.02565;

25 (c) "Manufacturing facility" means a business location in this
26 state at which a person engages in activities taxable under this
27 chapter that constitute "to manufacture" as defined in RCW 82.04.120;

28 (d) "Qualified costs" means amounts paid directly to a qualified
29 training institution to cover the cost of tuition and training
30 materials for qualified training;

31 (e) "Qualified employee" means a full-time employee whose primary
32 duties include activities which constitute "to manufacture" as defined
33 in RCW 82.04.120;

34 (f) "Qualified training" means adult basic skills and literacy
35 education, and occupational education as defined in RCW 28B.50.030(7),
36 provided to a qualified employee under a written agreement with the
37 employer; and

38 (g) "Qualified training institution" means a community college,
39 technical college, or private vocational school as defined in RCW

1 28C.10.020(7) that is licensed by the work force training and education
2 coordinating board, located in this state.

3 (9) A credit shall not be allowed for payments to a qualified
4 training institution after December 31, 2005.

5 NEW SECTION. **Sec. 3.** The work force training and education
6 coordinating board shall, if funds are made available for that purpose,
7 evaluate the results of training under this act and report its findings
8 to the appropriate policy and fiscal committees of the legislature by
9 January 1, 1999. The report shall include, but need not be limited to,
10 the employment and earnings of trainees. The department of revenue,
11 the employment security department, the state board for community and
12 technical colleges, and any private vocational schools that are party
13 to contracts for training under this act shall provide the work force
14 training and education coordinating board with data required for the
15 evaluation.

16 NEW SECTION. **Sec. 4.** This act shall take effect July 1, 1996.

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