

SENATE BILL REPORT

SB 6469

As Reported By Senate Committee On:
Commerce & Labor, February 3, 1998

Title: An act relating to providing tax credits for businesses making expenditures for work force training.

Brief Description: Providing tax credits for businesses making expenditures for work force training.

Sponsors: Senators Winsley, Jacobsen, Long, Anderson, Kohl, Haugen, Snyder, Loveland, B. Sheldon, Wojahn, Hale, T. Sheldon, Franklin, Fraser, Spanel, Goings, Kline, Patterson, Rasmussen and Oke; by request of Governor Locke.

Brief History:

Committee Activity: Commerce & Labor: 1/28/98, 2/3/98 [DPS].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 6469 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Fraser and Heavey.

Staff: Jack Brummel (786-7428)

Background: A 1995 survey by the Workforce Training and Education Coordinating Board found that 55 percent of employers had difficulty finding qualified job applicants in the previous 12 months. More than 80 percent of employers who tried to find job applicants with a vocational degree or certificate from a community or technical college or private career school had difficulty finding such workers. The board found that employers believe that skill shortages are hurting the economy by limiting business expansion, lowering productivity, and reducing product quality, yet businesses often lack the incentives and resources to provide training.

Summary of Substitute Bill: Employers with 500 or fewer employees may take a credit against the state's business and occupation tax or public utility tax of 50 percent of their training costs, up to \$250,000 per calendar year. No credits are awarded for training costs greater than \$5,000 per employee.

To receive the credit the employer must have a training contract with an accredited and licensed public or private training institution to train at least five people, which may include employees from other firms. The contracts are to allow for an employee contribution to training costs and a training voucher for use by the employee.

The tax credits are available in the order applications are received up to a maximum of \$10 million per fiscal year. \$2.5 million of this amount is reserved for training in distressed counties. Firms in distressed counties may not receive this credit if they take a training credit available under another provision of state law.

Substitute Bill Compared to Original Bill: The substitute incorporates technical changes and allows for employee contributions to training costs and training vouchers for use by employees.

Appropriation: None.

Fiscal Note: Requested on January 23, 1998.

Effective Date: The bill takes effect on July 1, 1998.

Testimony For: Training is received by 59 percent of managers and supervisors, whereas only 29 percent of line workers receive training while employed. The bill will stimulate growth and decrease the likelihood of lay-offs by increasing the skills of workers. The bill allows for employer choice and is employer driven.

Testimony Against: None.

Testified: PRO: Senator Winsley, prime sponsor; Carver Gayton, Employment Security; Ellen O'Brien Sanders, Workforce Training and Education Coordinating Board; Dan McConnon, WA State Board for Community and Technical Colleges.