

SENATE BILL REPORT

SB 5014

As of February 12, 1999

Title: An act relating to economic incentives for employer-sponsored child care benefits.

Brief Description: Providing economic incentives for employer-sponsored child care benefits.

Sponsors: Senators Kohl-Welles, Long, Hargrove, Patterson, Thibaudeau, Franklin, Goings, Kline, Winsley, Eide, Brown, Rasmussen and Costa.

Brief History:

Committee Activity: Labor & Workforce Development: 2/15/99.

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Staff: Jill Reinmuth (786-7452)

Background: Studies have reported on the lack of high-quality, affordable child care in Washington. Employers have reported that high-quality, accessible child care is a benefit to their companies. In particular, access to child care contributes to lower absenteeism and higher productivity among employees.

Summary of Bill: Employers who provide or assist in the provision of child care for their employees may receive a business and occupation or public utility tax credit. Two or more employers may jointly receive the tax credit under specified circumstances.

The tax credit is equal to 25 percent of amounts expended for: (1) constructing, repairing, or improving new or existing buildings or structures used as on-site child care facilities; (2) operating expenditures made in providing child care at on-site facilities; (3) purchasing child care services; and (4) making payments for employees under a "dependent care assistance program." The tax credit is not for amounts reimbursed by the employee or a third party.

The annual tax credit may not exceed the tax otherwise due or \$200,000, whichever is less. The tax credit for construction costs must be repaid if the employer changes the use of the on-site child care facility less than ten years after it is built. An exception is provided if the business ceases operation. The tax credit for operating costs is only allowed for costs that benefit employees who earn less than three times the federal poverty level for a family of three.

The Department of Revenue in cooperation with the Child Care Coordinating Committee must report on the use of the tax credits.

The tax credit is available only if the child care meets all state and local requirements related to providing child care.

Appropriation: None.

Fiscal Note: Requested on February 12, 1999.

Effective Date: The bill takes effect on January 1, 2000.