

2SSB 6326 - H COMM AMD
By Committee on Appropriations

NOT ADOPTED 03/04/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.50
4 RCW to read as follows:

5 The legislature finds that the provision of customized training is
6 critical to attracting and retaining businesses, and that the growth of
7 many businesses is limited by an unmet need for customized training.
8 The legislature also finds that work force training not only helps
9 business, it also improves the quality of life for workers and
10 communities. Because of the statewide public benefit to be gained from
11 instituting a customized training program, the legislature intends to
12 promote work force training in a manner that reduces the costs of
13 training to new and expanding firms.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.50 RCW
15 to read as follows:

16 (1) The board shall assist in matching participating employers with
17 qualified training institutions for the purposes of providing
18 customized training.

19 (2) For the purposes of this section and section 3 of this act,
20 qualified training institutions may enter into agreements with four-
21 year institutions of higher education, as defined in RCW 28B.10.016, in
22 accordance with the interlocal cooperation act, chapter 39.34 RCW.

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

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

26 (1) A participating employer may take a credit against the tax
27 imposed by this chapter if the number of employees a participating
28 employer has in the state during the calendar year following the

1 completion of the customized training program equals the number of
2 employees the participating employer had in the state in the calendar
3 year preceding the start of the customized training program plus at
4 least seventy-five percent of the number of trainees.

5 (2) The credit under this section is equal to fifty percent of the
6 amount of customized training costs, up to a maximum of five hundred
7 thousand dollars per employer per calendar year.

8 (3)(a) The credit may not be used to train workers who have been
9 hired as a result of a strike or lockout.

10 (b) A credit may not be claimed under this section with respect to
11 the value of job training services for which credit is claimed under
12 RCW 82.04.4333.

13 (4) Credits are available on a first in-time basis. The department
14 shall disallow any credits, or portion thereof, that would cause the
15 total amount of credits claimed under this section during any calendar
16 year to exceed one million five hundred thousand dollars. If this
17 limitation is reached, the department shall notify the board, the work
18 force training and education coordinating board, and the higher
19 education coordinating board that the annual statewide limit has been
20 met. In addition, the department shall provide written notice to any
21 person who has claimed tax credits in excess of the one million five
22 hundred thousand dollar limitation in this subsection. The notice
23 shall indicate the amount of tax due and shall provide that the tax be
24 paid within thirty days from the date of such notice. The department
25 shall not assess penalties and interest as provided in chapter 82.32
26 RCW on the amount due in the initial notice if the amount due is paid
27 by the due date specified in the notice, or any extension thereof.

28 (5) Any amount of tax credit otherwise allowable under this section
29 not claimed by the person in any calendar year may be carried over and
30 claimed against the person's tax liability until used.

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

33 The definitions in this section apply to sections 2 and 3 of this
34 act unless the context clearly requires otherwise.

35 (1) "Board" means the state board for community and technical
36 colleges.

1 (2) "Participating employer" means a private employer that
2 undertakes a training program with a qualified training institution
3 under section 2 of this act.

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

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

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.32 RCW
17 to read as follows:

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

22 (2) Each person claiming a tax credit under section 3 of this act
23 shall report information to the department by filing a complete annual
24 survey. The survey is due by March 31st of the year following any
25 calendar year in which a tax credit under section 3 of this act is
26 taken. The department may extend the due date for timely filing of
27 annual surveys under this section as provided in RCW 82.32.590. The
28 survey shall include the amount of tax credit taken. The survey shall
29 also include the following information for employment positions in
30 Washington:

31 (a) The number of total employment positions;

32 (b) Full-time, part-time, and temporary employment positions as a
33 percent of total employment;

34 (c) The number of employment positions according to the following
35 wage bands: Less than thirty thousand dollars; thirty thousand dollars
36 or greater, but less than sixty thousand dollars; and sixty thousand

1 dollars or greater. A wage band containing fewer than three
2 individuals may be combined with another wage band; and

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

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

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

11 (4) All information collected under this section, except the amount
12 of the tax credit taken, is deemed taxpayer information under RCW
13 82.32.330. Information on the amount of tax credit taken is not
14 subject to the confidentiality provisions of RCW 82.32.330.

15 (5) If a person fails to submit an annual survey under subsection
16 (2) of this section by the due date of the report or any extension
17 under RCW 82.32.590, the department shall declare the amount of taxes
18 credited for the previous calendar year to be immediately due and
19 payable. The department shall assess interest, but not penalties, on
20 the amounts due under this section. The interest shall be assessed at
21 the rate provided for delinquent taxes under this chapter,
22 retroactively to the date the credit was claimed, and shall accrue
23 until the taxes for which the credit was claimed are repaid. This
24 information is not subject to the confidentiality provisions of RCW
25 82.32.330.

26 (6) The department shall use the information from this section to
27 prepare summary descriptive statistics by category. No fewer than
28 three taxpayers shall be included in any category. The department
29 shall report these statistics to the legislature each year by September
30 1st.

31 (7) The department shall study the tax credit authorized in section
32 3 of this act. The department shall submit a report to the finance
33 committee of the house of representatives and the ways and means
34 committee of the senate by December 1, 2015. The report shall measure
35 the effect of the credit on job creation, job retention, company
36 growth, the movement of firms or the consolidation of firms' operations
37 into the state, and such other factors as the department selects.

1 **Sec. 6.** RCW 82.32.590 and 2005 c 514 s 1001 are each amended to
2 read as follows:

3 (1) If the department finds that the failure of a taxpayer to file
4 an annual survey under RCW 82.04.4452 or section 5 of this act by the
5 due date was the result of circumstances beyond the control of the
6 taxpayer, the department shall extend the time for filing the survey.
7 Such extension shall be for a period of thirty days from the date the
8 department issues its written notification to the taxpayer that it
9 qualifies for an extension under this section. The department may
10 grant additional extensions as it deems proper.

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

17 **Sec. 7.** RCW 82.04.4333 and 1996 c 1 s 4 are each amended to read
18 as follows:

19 (1) There may be credited against the tax imposed by this chapter,
20 the value of state-approved, employer-provided or sponsored job
21 training services designed to enhance the job-related performance of
22 employees, for those businesses eligible for a tax deferral under
23 chapter 82.60 RCW.

24 (2) The value of the state-approved, job training services provided
25 by the employer to the employee, without charge, shall be determined by
26 the allocation of the cost method using generally accepted accounting
27 standards.

28 (3) The credit allowed under this section shall be limited to an
29 amount equal to twenty percent of the value of the state-approved, job
30 training services determined under subsection (2) of this section. The
31 total credits allowed under this section for a business shall not
32 exceed five thousand dollars per calendar year.

33 (4) Prior to claiming the credit under this section, the business
34 must obtain approval of the proposed job training service from the
35 employment security department. The employer's request for approval
36 must include a description of the proposed job training service, how

1 the job training will enhance the employee's performance, and the cost
2 of the proposed job training.

3 (5) This section only applies to training in respect to eligible
4 business projects for which an application is approved on or after
5 January 1, 1996.

6 (6) A credit may not be claimed under this section with respect to
7 the amount of customized training costs for which credit is claimed
8 under section 3 of this act.

9 NEW SECTION. Sec. 8. Section 3 of this act takes effect July 1,
10 2006.

11 NEW SECTION. Sec. 9. Section 3 of this act expires July 1, 2016."

12 Correct the title.

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