

SENATE BILL REPORT

SB 6293

As Reported By Senate Committee On:
International Trade & Economic Development, January 24, 2006

Title: An act relating to tax credits for employers employing student employees enrolled in qualified technical programs at Washington institutions of higher education.

Brief Description: Authorizing employer tax incentives for the employment of students in math and science programs.

Sponsors: Senators Pflug, Benton, Shin, Schoesler, Benson, Schmidt, Delvin, Mulliken, Johnson, Stevens, Honeyford, Parlette and Roach.

Brief History:

Committee Activity: International Trade & Economic Development: 1/19/06, 1/24/06 [DPA-WM].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

Staff: Jack Brummel (786-7428)

Background: Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Businesses providing public utilities, such as railroads, power and light companies, and gas distribution businesses, are subject to the public utility tax rather than the B&O tax. Revenues from both taxes are deposited in the state General Fund.

Summary of Amended Bill: Persons subject to the B&O or the public utility tax may claim a credit against the taxes due when they employ students enrolled in a qualified technical program at an institution of higher education in the state. Qualified technical programs are degree granting programs in mathematics, science, health science, engineering, or computer technology.

The credit is equal to 100 percent of the gross wages paid to student employees but may not exceed one thousand dollars per student during any calendar year. Credit earned in one calendar year may be carried over and credited against taxes incurred in subsequent calendar years.

Student employees must be a junior, senior, or graduate student receiving credit in the program. The program must provide training related to the claimant's business employment needs.

Amended Bill Compared to Original Bill: The amendment clarifies that the one thousand dollar limitation is a limitation per student.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Workforce training for high demand skills is very important. This is a global issue. On-the-job training is the focus of this bill. Students get theory in class but not enough hand-on application. This supports students to continue their education.

Testimony Against: None.

Who Testified: PRO: Amber Carter, AWB; Rosemary Brester, Hobart Machined Products; Gena Wikstron, WA Fed. of Private Career Colleges; Ron Newbry, WA Economic Development Association.