
HOUSE BILL 1828

State of Washington

64th Legislature

2015 Regular Session

By Representatives Haler and Hayes

Read first time 01/29/15. Referred to Committee on Finance.

1 AN ACT Relating to a business and occupation tax credit for
2 businesses that hire individuals with developmental disabilities;
3 adding a new section to chapter 82.04 RCW; creating a new section;
4 providing an effective date; providing an expiration date; and
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that it is in
8 the public benefit to increase opportunities for individuals with
9 developmental disabilities to work in the community. The legislature
10 intends to incentivize the hiring of individuals with developmental
11 disabilities, whether on a full or part-time basis, by providing a
12 credit against the business and occupation tax of up to one thousand
13 dollars per individual with a developmental disability hired or
14 maintained on the payroll. Additionally, to limit the fiscal impact,
15 the legislature finds that capping this tax credit at two million
16 dollars per year is a fiscally responsible way to ensure the benefit
17 provided by this tax incentive is thoughtfully considered when
18 prioritizing the revenue needs of the state.

19 (2) It is the specific public policy objective of this act to
20 provide tax relief to those businesses that increase the
21 opportunities of workers with developmental disabilities by employing

1 such workers in their community. The legislature categorizes this tax
2 preference as one intended to provide tax relief to certain
3 businesses, as described in RCW 82.32.808 (2)(e).

4 (3) In order to obtain the necessary data to perform a review of
5 this tax preference, persons using this preference must file an
6 annual application with the department of revenue to be eligible to
7 claim the preference.

8 (4) The joint legislative audit and review committee must review
9 the tax preference provided in this act as part of its normal review
10 process of tax preferences. The committee must specifically assess
11 the number of employment positions filled by individuals with
12 developmental disabilities using data provided by the department of
13 revenue and estimate the cost per job based on the amount of credit
14 taken by eligible persons.

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

17 (1)(a) In computing the tax imposed under this chapter, a person
18 is allowed a credit against the tax due. The credit is equal to one
19 thousand dollars per calendar year for each full-time employment
20 position filled by an individual with a developmental disability
21 after the effective date of this section. A partial credit is allowed
22 per calendar year for a part-time employment position filled by an
23 individual with a developmental disability as follows:

24 (i) A credit equal to seven hundred fifty dollars for part-time
25 positions between thirty and thirty-four hours per week;

26 (ii) A credit equal to five hundred dollars for part-time
27 positions between twenty and twenty-nine hours per week;

28 (iii) A credit equal to two hundred fifty dollars for part-time
29 positions between ten and nineteen hours per week;

30 (iv) There is no partial credit for any part-time position that
31 is less than ten hours per week.

32 (b) A credit is earned for the calendar year the person is hired
33 to fill the position. Additionally, a credit is earned for each
34 calendar year the position is continuously maintained over the
35 subsequent consecutive calendar years. If a position is filled before
36 July 1st, this position is eligible for the full yearly credit. If it
37 is filled on or after July 1st, this position is eligible for half of
38 the credit.

1 (c) Credits are available on a first in-time basis. The
2 department must maintain a running total of all credits claimed under
3 this section during each calendar year. The department may not allow
4 any credit, or portion thereof, which would cause the total amount of
5 credit claimed under this section to exceed two million dollars in
6 any calendar year. The department must provide written notice to any
7 person who has claimed tax credits in excess of the two million
8 dollar limitation in this subsection. The notice must indicate the
9 amount of tax due and provide that the tax be paid within thirty days
10 from the date of such notice. The notice must also advise the person
11 that the unused credit can be claimed in the next calendar year,
12 subject to the two million dollar limit. The department may not
13 assess penalties and interest as provided in chapter 82.32 RCW on the
14 amount due in the initial notice, if the amount due is paid by the
15 due date specified in the notice, or any extension thereof.

16 (d) A person may claim the credit under this section only against
17 taxes originally due and reported to the department on or after the
18 date that the employment position is filled. The amount of credit
19 claimed for a reporting period may not exceed the tax otherwise due
20 under this chapter for that reporting period. Persons unable to claim
21 their credit, or any portion thereof, in the calendar year for which
22 the credit was earned may carry the unused credit over to subsequent
23 calendar years until used. However, the carryover into subsequent
24 calendar years is only permitted to the extent that the two million
25 dollar limit for any calendar year is not exceeded. No refunds may be
26 granted for credits under this section.

27 (e) An annual application must be filed electronically with the
28 department to claim the credit. The application must include, but is
29 not limited to, the following information:

30 (i) The number of full-time individuals with developmental
31 disabilities hired in a given year;

32 (ii) The number of part-time individuals with developmental
33 disabilities hired in a given year, categorized by the weekly hours
34 worked in (a) of this subsection; and

35 (iii) Total hours worked by all individuals with developmental
36 disabilities hired in a given year.

37 (f) To claim a credit under this section, a person must
38 electronically file with the department all returns, forms, and any
39 other information required by the department, in an electronic format
40 as provided or approved by the department. Any return, form, or

1 information required to be filed in an electronic format under this
2 section is not filed until received by the department in an
3 electronic format. As used in this subsection, "return" has the same
4 meaning as "return" in RCW 82.32.050.

5 (g) A credit is authorized only for employees hired for full-time
6 or part-time employment positions when the hiring takes place on or
7 after July 1, 2015. Full-time or part-time employment positions
8 filled by existing employees are eligible for the credit under this
9 section only if the position vacated by the existing employee is
10 filled by a new hire, and both the existing employee and the new hire
11 are individuals with a developmental disability.

12 (h) A person may not claim the credit under this section if the
13 person has claimed a credit against the tax due under this chapter,
14 under any other provision of law, with respect to the same employment
15 position.

16 (2) If at any time the department finds that a person is not
17 eligible for the tax credit under this section for any reason, the
18 amount of taxes for which a credit has been claimed for which the
19 person was not eligible for the credit is immediately due. The
20 department must assess interest, but not penalties, on the taxes for
21 which the person is not eligible. The interest must be assessed at
22 the rate provided for delinquent excise taxes under chapter 82.32
23 RCW, assessed retroactively to the date the tax credit was claimed,
24 and must accrue until the taxes for which a credit has been used are
25 repaid.

26 (3) The definitions in this subsection apply throughout this
27 section unless the context clearly requires otherwise.

28 (a) "Calendar year" means the twelve-month period beginning
29 January 1st and ending the following December 31st.

30 (b) "Full-time" means at least thirty-five hours a week, four
31 hundred fifty-five hours a quarter, or one thousand eight hundred
32 twenty hours a year.

33 (c) "Full-time employment position" means a permanent full-time
34 employee, who is employed for at least twelve consecutive months.
35 Once a permanent full-time employee has been hired, a position does
36 not cease to be a full-time employment position solely due to periods
37 in which the position goes vacant, as long as:

38 (i) The cumulative period of any vacancies in that position is
39 not more than one hundred twenty days in the fiscal year;

1 (ii) During a vacancy, the employer is training or actively
2 recruiting a replacement; and

3 (iii) The vacancy is filled by a permanent full-time employee who
4 is an individual with a developmental disability.

5 (d) "Individual with a developmental disability" means an
6 individual with a developmental disability as defined in RCW
7 71A.10.020.

8 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
9 preservation of the public peace, health, or safety, or support of
10 the state government and its existing public institutions, and takes
11 effect July 1, 2015.

12 NEW SECTION. **Sec. 4.** This act expires July 1, 2020.

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