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5 On page 9, after line 2, insert the following:

6 NEW SECTION. **Sec. 12.** It is the intent of the legislature that
7 the department of social and health services, the employment security
8 department, the work force training and education coordinating board,
9 the department of community, trade, and economic development, and the
10 community and technical colleges work together to market the tax
11 incentive program established under section 16 of this act.

12 The goals of the tax incentive program are to give employers
13 incentives to hire and train public assistance recipients and
14 noncustodial parents with a valid child support order and to increase
15 the employability of public assistance recipients and noncustodial
16 parents with a valid child support order.

17 The legislature intends to achieve these goals through the
18 provision of tax incentives in the form of tax credits for persons who
19 agree, in writing, to hire and train recipients of aid to families with
20 dependent children and noncustodial parents with a valid child support
21 order.

22 The legislature finds that incentives should be targeted by
23 allowing smaller incentives to employers of recipients who have already
24 achieved the higher levels of education and job experience while
25 providing larger incentives for employers of recipients and
26 noncustodial parents with a valid child support order who are less job
27 ready.

28 NEW SECTION. **Sec. 13.** (1) A person shall be allowed a credit
29 against tax due under chapter 82.04 or 82.16 RCW of an amount equal to
30 one hundred twenty percent of the payment made by an employer to a
31 qualified training institution under a training plan for training a
32 qualified employee, subject to the limitations set forth in this
33 section. A person may not receive a credit for the same amounts under
34 both chapters 82.04 and 82.16 RCW.

35 (2) A person claiming the credit shall file an affidavit form

1 prescribed by the department, which shall include the amount of the
2 credit claimed and additional information as the department may
3 require.

4 (3)(a) The tax credit in respect to any qualified employee may not
5 in a calendar year exceed:

6 (i) The lesser of eight percent of the qualified employee's gross
7 annual wages or one thousand two hundred dollars in the case of a
8 category 1 qualified employee;

9 (ii) The lesser of sixteen percent of the qualified employee's
10 gross annual wages or two thousand four hundred dollars, in the case of
11 a category 2 qualified employee; or

12 (iii) The lesser of twenty-four percent of the qualified employee's
13 gross annual wages or three thousand six hundred dollars in the case of
14 a category 3 qualified employee.

15 (b) The office of financial management shall, by December 1, 1995,
16 for calendar year 1996, and by December 1, each year thereafter by
17 December 1 adjust the payment maximums under this subsection (3) to
18 reflect inflation, using the previous calendar year's limit adjusted by
19 an appropriate federal inflationary index reflecting the rate of
20 inflation for the previous year. The department shall publish the new
21 payment maximums.

22 (4) The credit in respect to any qualified employee may not be
23 taken:

24 (a) For more than one year of training in the case of a category 1
25 qualified employee; or

26 (b) For more than three years of training in the case of a category
27 2 or category 3 qualified employee.

28 (5) The credit shall be taken against taxes due for the same
29 calendar year in which the payment is made to the qualified training
30 institution and must be claimed by the due date of the last tax return
31 for the calendar year in which the payment is made to the qualified
32 training institution.

33 (6) The department shall allow accrual of tax credits to a
34 successor employer, if the business or firm is sold, assigned,
35 conveyed, or otherwise transferred.

36 (7) Total credits allowed to all persons claiming credits may not
37 exceed fifteen million dollars in any biennium.

38 (8) This section shall expire December 31, 2003.

1 NEW SECTION. **Sec. 14.** The definitions in this section apply
2 throughout this chapter and sections 16 through 19 of this act, unless
3 the context indicates otherwise.

4 (1) "Gross annual wages" means salary, wages, tips, and other
5 compensation paid to a qualified employee paid by an employer claiming
6 the credit under this section during the calendar year for which the
7 credit is claimed.

8 (2) "Qualified employee" and "category 1, 2, or 3 qualified
9 employee" means a person certified as such by the department of social
10 and health services who is hired before June 30, 2000. "Qualified
11 employee" does not include any person hired by an employer to replace
12 strikers or locked-out workers.

13 (3) "Qualified training institution" means a community or technical
14 college, four-year college or university, public or private
15 institution, apprenticeship programs recognized by the Washington state
16 apprenticeship and training council, or a private industry council that
17 has entered into a training plan that provides for the training of a
18 qualified employee of a person claiming the credit under this section.

19 (4) "Person" has the meaning given in RCW 82.04.030.

20 (5) "Training plan" means a written agreement, signed by a
21 qualified employee, a union or other employee bargaining representative
22 if the position is covered by a collective bargaining agreement, a
23 qualified training institution, the department of social and health
24 services or a designee of the department, and an employer claiming the
25 credit under this section, which specifies the amount that the employer
26 will pay the qualified training institution for the payment costs for
27 the qualified employee, the learning objectives that will be achieved
28 by the training, and a statement of progressively increasing scale of
29 wages to be paid to the employee during the training plan period, using
30 a wage scale that exceeds federal poverty levels for a family of three.

31 NEW SECTION. **Sec. 15.** Chapter 82.32 RCW applies to the
32 administration of this chapter.

33 NEW SECTION. **Sec. 16.** (1) The tax incentive program is hereby
34 established. The department of social and health services is
35 authorized to enter into training plans. The department of social and
36 health services shall by rule adopt guidelines for the tax incentive
37 program. The guidelines shall include, but are not limited to:

1 (a) Designation of three categories of eligible aid to families
2 with dependent children recipients and noncustodial parents with a
3 valid child support order. The department of social and health
4 services shall by rule establish criteria for assigning recipients and
5 noncustodial parents with a valid child support order into categories
6 1, 2, and 3. In establishing the criteria, the department shall
7 consider the degree of work experience, training, wage and employment
8 history, and education, category 1 representing recipients and
9 noncustodial parents with a valid child support order with the highest
10 degree of job readiness.

11 (b) Selection criteria that includes establishment of a pool of
12 prospective public assistance and noncustodial parent participants.

13 (c) A restriction on the total number of employees that an employer
14 may have in the program, except that no more than twenty percent of the
15 employers' employees may participate in the program.

16 (d) A requirement that the employer participate in the earned
17 income tax credit program.

18 (e) Standards regarding length of training plans, requiring the
19 training institution to design the plan length so that it meets
20 accepted training standards for that industry or profession. Training
21 plans may not exceed three years.

22 (2) Qualified training institutions are deemed accredited for the
23 purposes of this chapter if they meet national standards, standards of
24 the state board for community and technical colleges, or standards of
25 the work force training and education coordinating board.

26 (3) The department of social and health services may contract with
27 a public or private entity to carry out the department's duties under
28 this chapter. The department of social and health services reserves
29 the right to withdraw designation of authority to this entity without
30 showing cause.

31 (4) The department of social and health services shall manage the
32 program so that the total amount of credits by all persons claiming tax
33 credits under sections 12 through 15 of this act does not exceed
34 fifteen million dollars in any biennium. The department shall enter
35 into contracts with employers on a first-come, first-serve basis. The
36 department shall not enter into contracts if the potential amount of
37 credits by all persons potentially claiming credits will exceed fifteen
38 million dollars in any biennium.

1 NEW SECTION. **Sec. 17.** The department of social and health
2 services may institute an experimental and control group study under
3 this program. The department, in carrying out this study, may select
4 particular recipients or categories of recipients, and is not subject
5 to claims of discrimination from recipients who are not participating
6 in the experimental group, if the selection process is in the
7 furtherance of a valid public purpose.

8 NEW SECTION. **Sec. 18.** The department of social and health
9 services, the employment security department, the department of
10 community, trade, and economic development, and the community and
11 technical colleges shall cooperate and coordinate among the existing
12 state and federal assistance and training programs to focus the efforts
13 of enrollees and programs to most effectively achieve results from the
14 various programs.

15 NEW SECTION. **Sec. 19.** (1) No training plans may be entered into
16 after June 30, 2000. Contracts in effect on June 30, 2000, shall
17 continue in effect according to the terms of the contract.

18 (2) If the program under sections 12 through 22, chapter . . . ,
19 Laws of 1995 (sections 12 through 22 of this act) is terminated before
20 June 30, 2000, persons eligible for tax credits at the time of program
21 termination under sections 12 through 16 of this act shall receive such
22 credits, subject to the limitations in section 13(7) of this act.

23 NEW SECTION. **Sec. 20.** (1) Sections 12 through 15 of this act
24 shall constitute a new chapter in Title 82 RCW.

25 (2) Sections 16 through 19 of this act shall constitute a new
26 chapter in Title 74 RCW.

27 NEW SECTION. **Sec. 21.** The department of revenue and the
28 department of social and health services shall perform an assessment of
29 the results of the tax incentive program created by sections 12 through
30 22 of this act and deliver a report on the assessment to the governor
31 and the legislature by December 1, 1999. The assessment shall measure
32 the effect of the tax incentive program on increasing self-sufficiency
33 of public assistance recipients, and other factors the department of
34 revenue and the department of social and health services may select.

1 NEW SECTION. **Sec. 22.** If any part of this act is found to be in
2 conflict with federal requirements that are a prescribed condition to
3 the allocation of federal funds to the state, the conflicting part of
4 this act is inoperative solely to the extent of the conflict and with
5 respect to the agencies directly affected, and this finding does not
6 affect the operation of the remainder of this act in its application to
7 the agencies concerned. The rules under this act shall meet federal
8 requirements that are a necessary condition to the receipt of federal
9 funds by the state."

10 Renumber the remaining sections consecutively, correct the title,
11 and correct any internal references accordingly.

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