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SENATE BILL 5719

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State of Washington

56th Legislature

1999 Regular Session

By Senator Wojahn

Read first time 02/04/1999. Referred to Committee on Labor & Workforce Development.

1 AN ACT Relating to providing tax credits for businesses making  
2 expenditures for work force training; adding a new section to chapter  
3 82.04 RCW; adding a new section to chapter 82.16 RCW; providing an  
4 effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 (1) A person whose application has been approved by the department  
9 under this section may take a credit against tax imposed by this  
10 chapter, subject to the limitations in this section. For the purposes  
11 of this section, "employer" means the same as "person" as defined in  
12 this chapter. The credit under this program is only available to  
13 persons with five hundred or fewer employees.

14 (2)(a) The credit under this section is equal to fifty percent of  
15 the amount of qualifying costs for work force training payments. A  
16 person may not receive credit for amounts over five thousand dollars  
17 annual training costs per employee. A person is not eligible to  
18 receive total credits over two hundred fifty thousand dollars per

1 calendar year. A person may only receive credit for amounts expended  
2 on job classes covered by the federal fair labor standards act.

3 (b) As a precondition to approval by the department under  
4 subsection (4) of this section, the person must have entered into a  
5 training contract with a public or private accredited training  
6 institution. The work force training and education coordinating board  
7 shall provide a list of accredited institutions to interested persons  
8 and to the department. The training contracts must be for the training  
9 of at least five employees. If an employer does not have five  
10 employees to train, the person may coordinate with other employers who  
11 have identical training needs to create groups to meet the five person  
12 threshold.

13 (3) "Work force training payments" means the direct payments made  
14 under a contract with a public or private accredited training  
15 institution for formal technical or skill training, including basic  
16 skills. The term includes amounts in the contract for costs of  
17 instruction, materials, equipment, rental of class space, marketing,  
18 and overhead. "Work force training payments" do not include employee  
19 tuition reimbursements unless the tuition reimbursement is specifically  
20 included in a contract under subsection (2)(b) of this section.

21 (4) Application for credits under this section shall be made to the  
22 department in a form and manner as required by the department. The  
23 application shall include an affidavit affirming the person's  
24 compliance with this section. The department shall approve or deny  
25 application for credits using the criteria under this section. The  
26 department shall require the person receiving approval to keep such  
27 records as are necessary for the department to verify eligibility under  
28 this section. A person shall apply for the credit after making an  
29 expenditure. Tax credit applications shall not be approved for  
30 expenditures that occurred before the effective date of this act.

31 (5) Tax credits are available on a first-come basis, with priority  
32 based on the date and time the application is received by the  
33 department. The total of credits granted under this section and  
34 section 2 of this act shall be no more than five million dollars of  
35 credits each fiscal year, with two million five hundred thousand  
36 dollars of the five million dollars to be set aside and allocated  
37 exclusively for training for jobs in a distressed county. "Distressed  
38 county" means a county in which the average level of unemployment for  
39 the three years before the year in which an application is filed under

1 this section exceeds the average state unemployment for those years by  
2 twenty percent. The department shall keep a running total of all  
3 credits approved. If the amount submitted for a credit will cause the  
4 cap to be exceeded, the department shall give a partial approval of the  
5 application, equal to the amount of remaining credit available for the  
6 fiscal year.

7 (6) No person is eligible for tax credits under this section in  
8 excess of the amount of tax that would otherwise be due under this  
9 chapter. Approved credit may not be carried over to subsequent  
10 calendar years. The credit must be claimed by the due date of the last  
11 tax return for the calendar year in which the payment is made. Any  
12 unused credit expires. Refunds shall not be given in place of credits.

13 (7) If a person has used a credit granted under this section  
14 against tax due under chapter 82.16 RCW the person may not use the same  
15 credit for tax due under this chapter.

16 (8) A person who takes credits under RCW 82.04.4333 may not take a  
17 credit under this section for the same training.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW  
19 to read as follows:

20 The tax credit program under section 1 of this act is available to  
21 persons for tax due under this chapter. If a person has used a credit  
22 granted under this section against tax due under chapter 82.04 RCW, the  
23 person may not use the same credit for tax due under this chapter. A  
24 person who takes credits under RCW 82.04.4333 may not take a credit  
25 under this section for the same training.

26 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of the  
28 state government and its existing public institutions, and takes effect  
29 July 1, 1999.

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