
SUBSTITUTE SENATE BILL 6321

State of Washington

56th Legislature

2000 Regular Session

By Senate Committee on Labor & Workforce Development (originally sponsored by Senators Prentice, Hale, Bauer, Costa, Swecker, Winsley, B. Sheldon, T. Sheldon, Gardner, Oke and Rasmussen; by request of Governor Locke)

Read first time 02/04/00.

1 AN ACT Relating to economic development by improving the skills and
2 productivity of Washington workers; amending RCW 28C.04.420; adding new
3 sections to chapter 28C.18 RCW; adding a new section to chapter 82.04
4 RCW; adding a new section to chapter 82.16 RCW; providing an effective
5 date; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 28C.18 RCW
8 to read as follows:

9 The board shall create a skills gap program for the purpose of
10 promoting economic development in Washington state by providing grants
11 to increase the skills and productivity of Washington workers. The
12 program shall be used to create partnerships with business, labor, and
13 the work force employment and training system to close the skills gap
14 in Washington state. The grants shall be awarded to local work force
15 development councils to:

16 (1) Create partnerships with businesses, labor organizations, and
17 industry associations that share common occupations for the purpose of
18 determining their current and future employment and training needs;

1 (2) Bring together community colleges and other employment and
2 training providers to develop the programs that meet the employment and
3 training needs defined by the above industry partnerships;

4 (3) Expand the use of skills standards and customized training
5 designed to meet the specific needs of business;

6 (4) Upgrade the skills of existing workers; and

7 (5) Support increased use of on-the-job learning strategies among
8 small and medium-sized enterprises and gain experience in establishing
9 on-the-job training programs for various sizes of businesses.

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

12 (1) A person whose application has been approved by the department
13 under this section may take a credit against the tax imposed by this
14 chapter, subject to the limitations in this section.

15 (2)(a) The credit under this section is equal to fifty percent of
16 work force training payments. A person may not receive credit for work
17 force training payments over five thousand dollars per employee per
18 calendar year. A person is not eligible to receive a total credit in
19 excess of one hundred thousand dollars for each calendar year.

20 (b) As a precondition to approval by the department under
21 subsection (4) of this section, the person must have entered into a
22 training contract with a public or private accredited training
23 institution. The work force training and education coordinating board
24 shall provide a list of accredited institutions to interested persons
25 and to the department. Both the board, and the accredited institutions
26 included on the list shall actively seek participation by employers
27 employing fifty or fewer employees, and shall assist those firms in
28 establishing training programs that are eligible for training credits
29 provided by this act.

30 (c) Training credits are limited to expenditures made to upgrade
31 the skills of the employer's existing work force.

32 (3) For the purposes of this section:

33 (a) "Employer" means the same as "person" as defined in RCW
34 82.04.030; and

35 (b) "Work force training payments" means the direct payments for
36 employees in job classes covered by the federal fair labor standards
37 act and made under a contract with a public or private accredited
38 training institution for technical or skill training, including basic

1 skills. The term includes amounts in the contract for instruction,
2 materials, equipment, rental of class space, marketing, and overhead.
3 "Work force training payments" do not include employee tuition
4 reimbursements, unless the tuition reimbursement is specifically
5 included in a contract under subsection (2)(b) of this section.

6 (4) Application for credits under this section shall be made to the
7 department in a form and manner prescribed by the department. The
8 application shall include an affidavit form regarding the person's
9 compliance with this section. The department shall approve or deny an
10 application for credits using the criteria under this section. The
11 department shall require the person receiving approval to keep any
12 records necessary for the department to verify eligibility under this
13 section. A person shall apply for the credit after making a payment.
14 Tax credit applications shall not be approved for work force training
15 payments that occurred before the effective date of this act.

16 (5) Employers participating in the partnerships receiving grants
17 under section 1 of this act may apply for the tax credit after the
18 grant is awarded. These employers shall have priority in receipt of
19 the tax credit. Any funds remaining after those tax credits are
20 granted shall be available to other employers on a first-come basis,
21 with priority based on the date and time the application is received by
22 the department. The total amount of credits granted under this section
23 and section 3 of this act shall be no more than one million dollars
24 each fiscal year. If the amount submitted for a credit will cause the
25 cap to be exceeded, the department shall give a partial approval of the
26 application, equal to the amount of remaining credit available for the
27 fiscal year.

28 (6) If an employer has tax credits in excess of the amount of tax
29 that would otherwise be due under this chapter, they may carry forward
30 the tax credit for up to five years. Refunds shall not be given in
31 place of credits.

32 (7) If a person has used a payment to obtain a credit against tax
33 due under chapter 82.16 RCW, the person may not use the same payment
34 credit for tax due under this chapter.

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

37 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16 RCW
38 to read as follows:

1 The tax credit program under section 2 of this act is available to
2 persons for taxes due under this chapter. If a person has used a
3 payment to obtain a credit against taxes due under chapter 82.04 RCW,
4 the person may not use the same payment for tax due under this chapter.
5 A person who takes credits under RCW 82.04.4333 may not take a credit
6 under this section for the same training.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 28C.18 RCW
8 to read as follows:

9 The board shall review the impact of tax credits provided under
10 sections 2 and 3 of this act by September 1, 2002, and report to the
11 legislature as to its effectiveness in expanding the amount of
12 incumbent worker training in Washington state.

13 **Sec. 5.** RCW 28C.04.420 and 1999 c 121 s 3 are each amended to read
14 as follows:

15 The college board may, subject to appropriation from the
16 legislature or from funds made available from any other public or
17 private source and pursuant to rules adopted by the college board with
18 the advice of the work force training customer advisory committee
19 established in RCW 28C.04.390, provide job skills grants to educational
20 institutions. The job skills grants shall be used exclusively for
21 programs which are consistent with the job skills program. The college
22 board shall work in collaboration with the work force training customer
23 advisory committee established in RCW 28C.04.390 to assure that:

24 (1) The program is within the scope of the job skills program under
25 this chapter and may reasonably be expected to succeed and thereby
26 increase employment within the state;

27 (2) Provision has been made to use any available alternative
28 funding from local, state, and federal sources;

29 (3) The job skills grant will only be used to cover the costs
30 associated with the program;

31 (4) The program will not unnecessarily duplicate existing programs
32 and could not be provided by another educational institution more
33 effectively or efficiently;

34 (5) The program involves an area of skills training and education
35 for which there is a demonstrable need;

36 (6) The applicant has made provisions for the use of existing
37 federal and state resources for student financial assistance;

1 (7) The job skills grant is essential to the success of the program
2 as the resources of the applicant are inadequate to attract the
3 technical assistance and financial support necessary for the program
4 from business and industry;

5 (8) The program represents a collaborative partnership between
6 business, industry, labor, educational institutions, and other
7 partners, as appropriate;

8 (9) The commitment of financial support from business and industry
9 shall be equal to or greater than the amount of the requested job
10 skills grant;

11 (10) Binding commitments have been made to the commission by the
12 applicant for adequate reporting of information and data regarding the
13 program to the commission, particularly information concerning the
14 recruitment and employment of trainees and students, and including a
15 requirement for an annual or other periodic audit of the books of the
16 applicant directly related to the program, and for such control on the
17 part of the commission as it considers prudent over the management of
18 the program, so as to protect the use of public funds, including, in
19 the discretion of the commission and without limitation, right of
20 access to financial and other records of the applicant directly related
21 to the programs; and

22 (11) A provision has been made by the applicant to work, in
23 cooperation with the employment security department, to identify and
24 screen potential trainees, and that provision has been made by the
25 applicant for the participation as trainees of low-income persons
26 including temporary assistance for needy families recipients,
27 dislocated workers, and persons from minority and economically
28 disadvantaged groups to participate in the program.

29 Beginning October 1, 1999, and every two years thereafter, the
30 college board shall provide the legislature and the governor with a
31 report describing the activities and outcomes of the state job skills
32 program.

33 In administering the job skills grants, the college board shall
34 solicit the involvement of businesses employing current or recent
35 WorkFirst participants. The college board shall, in conjunction with
36 local educational institutions, provide information about the operation
37 and benefits of the job skills program to these employers and encourage
38 their participation.

1 NEW SECTION. **Sec. 6.** This act takes effect July 1, 2000.

2 NEW SECTION. **Sec. 7.** Sections 1 through 4 of this act expire June
3 30, 2003.

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