

---

**SUBSTITUTE HOUSE BILL 2565**

---

**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Kilmer, Haler, Wallace, Strow, Clibborn, Morrell, McCoy, Appleton, Ericks, Linville, Simpson, Green and Springer)

READ FIRST TIME 02/07/06.

1       AN ACT Relating to a worker training business and occupation tax  
2 credit; amending RCW 82.04.4333; providing an effective date; and  
3 providing an expiration date.

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

5       **Sec. 1.** RCW 82.04.4333 and 1996 c 1 s 4 are each amended to read  
6 as follows:

7       (1) ~~((There may be credited against the tax imposed by this~~  
8 ~~chapter, the value of state approved, employer provided or sponsored~~  
9 ~~job training services designed to enhance the job related performance~~  
10 ~~of employees, for those businesses eligible for a tax deferral under~~  
11 ~~chapter 82.60 RCW.)) In computing the tax imposed under this chapter,~~  
12 a credit is allowed for the fifty percent of the value of qualified  
13 worker training expenses incurred by a qualified employer.

14       (2) The value of the ~~((state approved, job training services))~~  
15 qualified worker training expenses provided by the qualified employer  
16 to ~~((the))~~ a new or existing employee, without charge, shall be  
17 determined by the allocation of the cost method using generally  
18 accepted accounting standards.

1           ~~(3) ((The credit allowed under this section shall be limited to an~~  
2 ~~amount equal to twenty percent of the value of the state approved, job~~  
3 ~~training services determined under subsection (2) of this section.))~~  
4 The total credits allowed under this section for a ~~((business))~~  
5 qualified employer shall not exceed ~~((five))~~ the lesser of ten thousand  
6 dollars per calendar year or the amount of tax otherwise due under this  
7 chapter for the calendar year. Credits may not be carried over to  
8 subsequent calendar years. No refunds may be granted for any unused  
9 credits. Credits may not be approved on training expenses incurred  
10 prior to January 1, 2007. Approved credits must be taken for taxes due  
11 for the calendar year following the calendar year in which the  
12 qualified expenses were incurred.

13           (4) The total credits allowed under this section for all qualified  
14 employers shall not exceed one million dollars per calendar year. The  
15 department shall allow the use of the credits on a first-come, first-  
16 served basis.

17           (5)(a) Prior to claiming the credit under this section, the  
18 ~~((business))~~ qualified employer must obtain approval of the proposed  
19 ~~((job training service))~~ worker training expenses from the employment  
20 security department. The employer's request for approval must include  
21 a description of the proposed ~~((job))~~ worker training service, how the  
22 ~~((job))~~ worker training will enhance the employee's performance, and  
23 the cost of the proposed ~~((job))~~ worker training.

24           (b) To claim a credit under this chapter, a person must  
25 electronically file with the department all returns, forms, and other  
26 information the department requires in an electronic format as provided  
27 or approved by the department. Any return, form, or information  
28 required to be filed in an electronic format under this section is not  
29 filed until received by the department in an electronic format. As  
30 used in this section, "returns" has the same meaning as "return" in RCW  
31 82.32.050.

32           ~~((5) This section only applies to training in respect to eligible~~  
33 ~~business projects for which an application is approved on or after~~  
34 ~~January 1, 1996.))~~ (6) For the purposes of this section:

35           (a) "Qualified employer" means an independently owned and operated  
36 business located in Washington with less than fifty employees  
37 worldwide.

1       (b) "Qualified worker training" means instruction to enhance an  
2 employee's job-related performance through: (i) A course or program at  
3 an institution of higher education as defined in RCW 28B.10.016 or a  
4 private vocational school licensed under RCW 28C.10.060; (ii) a  
5 private, nonprofit educational institution, the main campus of which is  
6 permanently situated in the state, which is open to residents of the  
7 state, which neither restricts entry on racial or religious grounds,  
8 which provides programs beyond high school leading to at least the  
9 baccalaureate degree, and which is accredited by the Northwest  
10 association of schools and colleges or by an accrediting association  
11 recognized by the higher education coordinating board; (iii) training  
12 provided by Washington manufacturing services; or (iv) for employers  
13 with less than ten employees, training provided by the employer on  
14 premises the value of which shall be determined according to subsection  
15 (2) of this section.

16       (7) The department of revenue, with the cooperation with the  
17 department of revenue, the state board for community and technical  
18 colleges, the work force training and education coordinating board, and  
19 the higher education coordinating board, shall report on the impact of  
20 subsection (1) of this section to the appropriate committees of the  
21 legislature by December 1, 2008, and every two years thereafter. The  
22 report must include:

23       (a) The number of people receiving qualified worker training;  
24       (b) The average cost of the qualified worker training;  
25       (c) The cost of the program administration;  
26       (d) The type of qualified worker training received, including the  
27 average length of training;

28       (e) The number of qualified employers utilizing the credit by firm  
29 size:

30       (i) Under five employees;  
31       (ii) Five to ten employees;  
32       (iii) Eleven to twenty-five employees; and  
33       (iv) Twenty-six to forty-nine employees.

34       (8) This section expires December 31, 2016.

35       NEW SECTION. Sec. 2. This act takes effect January 1, 2007.

--- END ---