

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 6326

Chapter 112, Laws of 2006

59th Legislature
2006 Regular Session

CUSTOMIZED EMPLOYMENT TRAINING

EFFECTIVE DATE: 6/7/06

Passed by the Senate March 7, 2006
YEAS 47 NAYS 1

BRAD OWEN

President of the Senate

Passed by the House March 4, 2006
YEAS 63 NAYS 32

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 6326** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

Approved March 20, 2006.

FILED

March 20, 2006 - 10:19 a.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 6326

AS AMENDED BY THE HOUSE

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Shin, Rasmussen, Pflug, Doumit, Rockefeller, Weinstein, Pridemore, Hewitt, Jacobsen, Thibaudeau, Swecker, Sheldon, Oke, Keiser, Kohl-Welles, Franklin, Kline and Berkey)

READ FIRST TIME 02/17/06.

1 AN ACT Relating to providing a source of funding for customized
2 work force training; amending RCW 82.32.590; adding new sections to
3 chapter 82.04 RCW; adding a new section to chapter 28B.50 RCW; adding
4 a new chapter to Title 28B RCW; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the provision of
7 customized training is critical to attracting and retaining businesses,
8 and that the growth of many businesses is limited by an unmet need for
9 customized training. The legislature also finds that work force
10 training not only helps business, it also improves the quality of life
11 for workers and communities. Because of the statewide public benefit
12 to be gained from instituting a customized training program, the
13 legislature intends to create a new program to fund work force training
14 in a manner that reduces the up-front costs of training to new and
15 expanding firms.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply
17 throughout this chapter unless the context clearly requires otherwise.

1 (1) "Board" means the state board for community and technical
2 colleges.

3 (2) "Costs of training" and "training costs" means the direct costs
4 experienced under a contract with a qualified training institution for
5 formal technical or skill training, including basic skills. "Costs of
6 training" includes amounts in the contract for costs of instruction,
7 materials, equipment, rental of class space, marketing, and overhead.
8 "Costs of training" does not include employee tuition reimbursements
9 unless the tuition reimbursement is specifically included in a
10 contract.

11 (3) "Participant" means a private employer that, under this
12 chapter, undertakes a training program with a qualified training
13 institution.

14 (4) "Qualified training institution" means a public community or
15 technical college or a private vocational school licensed by either the
16 work force training and education coordinating board or the higher
17 education coordinating board.

18 (5) "Training allowance" and "allowance" means a voucher, credit,
19 or payment from the board to a participant to cover training costs.

20 (6) "Training program" means a program funded under this chapter at
21 a qualified training institution.

22 NEW SECTION. **Sec. 3.** (1) The Washington customized employment
23 training program is hereby created to provide training assistance to
24 employers locating or expanding in the state.

25 (2)(a) Application to receive funding under this program shall be
26 made to the board in a form and manner as specified by the board.
27 Successful applicants shall receive a training allowance from the board
28 to cover the costs of training at a qualified training institution.
29 Employers may not receive an allowance for training costs which exceed
30 the maximum annual training cost per employee, as established by the
31 board, and are not eligible to receive an allowance or allowances of
32 over five hundred thousand dollars per calendar year.

33 (b) Allowances shall be granted for applicants who meet the
34 following criteria:

35 (i) The employer must have entered into an agreement with a
36 qualified training institution to engage in customized training and the
37 employer must agree to: (A) Upon completion of the training, make a

1 payment to the employment training finance account created in section
2 8 of this act in an amount equal to one-quarter of the amount of the
3 training allowance; and (B) over the subsequent eighteen months, make
4 monthly or quarterly payments, as specified in the agreement, to the
5 employment training finance account created in section 8 of this act in
6 an amount equal to three-quarters of the amount of the training
7 allowance. The payments into the employment training finance account
8 provided for in this section do not constitute payment to the
9 institution.

10 (ii) The employer must ensure that the number of employees an
11 employer has in the state during the calendar year following the
12 completion of the training program will equal the number of employees
13 the employer had in the state in the calendar year preceding the start
14 of the training program plus seventy-five percent of the number of
15 trainees. The agreement with the qualified training institution
16 provided for in (b)(i) of this subsection shall specify terms for
17 reimbursement or additional payment to the employment training finance
18 account by the employer if the employment criterion of this subsection
19 is not met.

20 (iii) The training grant may not be used to train workers who have
21 been hired as a result of a strike or lockout.

22 (c) Preference shall be given to employers with fewer than fifty
23 employees.

24 (3) Qualified training institutions may enter into agreements with
25 four-year institutions of higher education, as defined in RCW
26 28B.10.016, in accordance with the interlocal cooperation act, chapter
27 39.34 RCW.

28 (4) The board and qualified training institutions may solicit and
29 receive gifts, grants, funds, fees, and endowments, in trust or
30 otherwise, from tribal, local, federal, or other governmental entities,
31 as well as private sources, for the purpose of providing training
32 allowances under this act. All revenue thus solicited and received
33 shall be deposited into the employment training finance account created
34 in section 8 of this act.

35 (5) The board may adopt rules to implement this section.

36 NEW SECTION. **Sec. 4.** This chapter, being necessary for the
37 welfare of the state and its inhabitants, shall be liberally construed

1 to effect its purposes. Insofar as the provisions of this chapter are
2 inconsistent with the provisions of any general or special law, or
3 parts thereof, the provisions of this chapter shall be controlling.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.04 RCW
5 to read as follows:

6 In computing the tax imposed under this chapter, a credit is
7 allowed for participants in the Washington customized employment
8 training program created in section 3 of this act. The credit allowed
9 under this section is equal to fifty percent of the value of a
10 participant's payments to the employment training finance account
11 created in section 8 of this act. If a participant in the program does
12 not meet the qualifications in section 3(2)(b)(ii) of this act, the
13 participant must remit to the department the value of any credits taken
14 plus interest. The credit earned by a participant in one calendar year
15 may be carried over to be credited against taxes incurred in a
16 subsequent calendar year. No credit may be allowed for repayment of
17 training allowances received from the Washington customized employment
18 training program on or after July 1, 2016.

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

21 (1) The legislature finds that accountability and effectiveness are
22 important aspects of setting tax policy. In order to make policy
23 choices regarding the best use of limited state resources the
24 legislature needs information on how a tax incentive is used.

25 (2) Each person claiming a tax credit under section 5 of this act
26 shall report information to the department by filing a complete annual
27 survey. The survey is due by March 31st of the year following any
28 calendar year in which a tax credit under section 5 of this act is
29 taken. The department may extend the due date for timely filing of
30 annual surveys under this section as provided in RCW 82.32.590. The
31 survey shall include the amount of tax credit taken. The survey shall
32 also include the following information for employment positions in
33 Washington:

- 34 (a) The number of total employment positions;
- 35 (b) Full-time, part-time, and temporary employment positions as a
36 percent of total employment;

1 (c) The number of employment positions according to the following
2 wage bands: Less than thirty thousand dollars; thirty thousand dollars
3 or greater, but less than sixty thousand dollars; and sixty thousand
4 dollars or greater. A wage band containing fewer than three
5 individuals may be combined with another wage band; and

6 (d) The number of employment positions that have employer-provided
7 medical, dental, and retirement benefits, by each of the wage bands.

8 The first survey filed under this subsection shall also include
9 information for the twelve-month period immediately before first use of
10 a tax incentive.

11 (3) The department may request additional information necessary to
12 measure the results of the credit program, to be submitted at the same
13 time as the survey.

14 (4) All information collected under this section, except the amount
15 of the tax credit taken, is deemed taxpayer information under RCW
16 82.32.330. Information on the amount of tax credit taken is not
17 subject to the confidentiality provisions of RCW 82.32.330.

18 (5) If a person fails to submit an annual survey under subsection
19 (2) of this section by the due date of the report or any extension
20 under RCW 82.32.590, the department shall declare the amount of taxes
21 credited for the previous calendar year to be immediately due and
22 payable. The department shall assess interest, but not penalties, on
23 the amounts due under this section. The interest shall be assessed at
24 the rate provided for delinquent taxes under this chapter,
25 retroactively to the date the credit was claimed, and shall accrue
26 until the taxes for which the credit was claimed are repaid. This
27 information is not subject to the confidentiality provisions of RCW
28 82.32.330.

29 (6) The department shall use the information from this section to
30 prepare summary descriptive statistics by category. No fewer than
31 three taxpayers shall be included in any category. The department
32 shall report these statistics to the legislature each year by September
33 1st.

34 (7) The department shall study the tax credit authorized in section
35 5 of this act. The department shall submit a report to the finance
36 committee of the house of representatives and the ways and means
37 committee of the senate by December 1, 2011. The report shall measure

1 the effect of the credit on job creation, job retention, company
2 growth, the movement of firms or the consolidation of firms' operations
3 into the state, and such other factors as the department selects.

4 **Sec. 7.** RCW 82.32.590 and 2005 c 514 s 1001 are each amended to
5 read as follows:

6 (1) If the department finds that the failure of a taxpayer to file
7 an annual survey under RCW 82.04.4452 or section 6 of this act by the
8 due date was the result of circumstances beyond the control of the
9 taxpayer, the department shall extend the time for filing the survey.
10 Such extension shall be for a period of thirty days from the date the
11 department issues its written notification to the taxpayer that it
12 qualifies for an extension under this section. The department may
13 grant additional extensions as it deems proper.

14 (2) In making a determination whether the failure of a taxpayer to
15 file an annual survey by the due date was the result of circumstances
16 beyond the control of the taxpayer, the department shall be guided by
17 rules adopted by the department for the waiver or cancellation of
18 penalties when the underpayment or untimely payment of any tax was due
19 to circumstances beyond the control of the taxpayer.

20 NEW SECTION. **Sec. 8.** A new section is added to chapter 28B.50 RCW
21 to read as follows:

22 (1) All payments received from a participant in the Washington
23 customized employment training program created in section 3 of this act
24 shall be deposited into the employment training finance account, which
25 is hereby created in the custody of the state treasurer. Only the
26 state board for community and technical colleges may authorize
27 expenditures from the account and no appropriation is required for
28 expenditures. The money in the account must be used solely for
29 training allowances under the Washington customized employment training
30 program created in section 3 of this act. The deposit of payments
31 under this section from a participant shall cease when the board
32 specifies that the participant has met the monetary obligations of the
33 program.

34 (2) All revenue solicited and received under the provisions of
35 section 3(4) of this act shall be deposited into the employment
36 training finance account to provide training allowances.

1 (3) The definitions in section 2 of this act apply to this section.

2 NEW SECTION. **Sec. 9.** If any provision of this act or its
3 application to any person or circumstance is held invalid, the
4 remainder of the act or the application of the provision to other
5 persons or circumstances is not affected.

6 NEW SECTION. **Sec. 10.** Sections 1 through 4 of this act constitute
7 a new chapter in Title 28B RCW.

8 NEW SECTION. **Sec. 11.** Sections 1 through 4 and 8 of this act
9 expire July 1, 2012.

Passed by the Senate March 7, 2006.

Passed by the House March 4, 2006.

Approved by the Governor March 20, 2006.

Filed in Office of Secretary of State March 20, 2006.