

HOUSE BILL REPORT

HB 1812

As Reported by House Committee On:
Housing, Community Development & Veterans

Title: An act relating to the military spouse equal economic opportunity act.

Brief Description: Concerning military spouses.

Sponsors: Representatives Reeves, Leavitt, Kilduff, Appleton, Lovick and Stanford.

Brief History:

Committee Activity:

Housing, Community Development & Veterans: 2/12/19, 2/19/19 [DPS].

Brief Summary of Substitute Bill

- Requires entities that issue licenses, certificates, registrations, or permits to perform professional services to establish procedures to expedite issuance to active duty military spouses who relocate to Washington and possess substantially equivalent authorization.
- Adds military spouse as a state hiring preference and a permissive preference for private employers.
- Extends the business and occupation tax credit and the public utility tax credit for hiring unemployed veterans to the hiring of unemployed military spouses.
- Adds military spouses to existing employment initiatives.
- Establishes a work group to develop recommendations on best practices for collecting demographic data on military families receiving services, support, assistance, and benefits from state agencies.

HOUSE COMMITTEE ON HOUSING, COMMUNITY DEVELOPMENT & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Ryu, Chair; Morgan, Vice Chair; Jenkin, Ranking Minority Member; Gildon, Assistant Ranking Minority Member; Barkis, Entenman, Frame, Leavitt and Reeves.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Cassie Jones (786-7303).

Background:

Military Spouses-Professional Licensing.

Any board, commission, or other authority (authority) that issues a license, certificate, registration, or permit for a business or professional license must, to the extent resources are available, establish procedures to expedite the issuance of a license, certificate, or permit to perform professional services to a person who:

- is certified or licensed to perform professional services in another state;
- has a spouse who is transferred by the military to this state; and
- left employment in the other state to join their spouse in this state.

The procedures must include a process for issuing the person a license, certificate, registration, or permit, if, in the opinion of the authority, the requirements for licensure, certification, registration, or obtaining a permit in the other state are substantially equivalent to the requirements of this state. Each authority must adopt rules authorizing a qualified person to perform the services regulated by that authority by issuing the person a temporary license, certificate, registration, or permit, unless the authority finds that the requirements for a license, certificate, registration, or permit of the other state are substantially unequal to the standards of this state. A temporary license, certificate, registration, or permit allows a qualified person to perform the regulated services while completing any specific requirements required in this state that were not required in the other state or states.

An applicant must state in the application that he or she:

- has requested verification that he or she is currently licensed, certified, registered, or has a permit from the other state or states; and
- is not the subject of a pending investigation, charges, or disciplinary action by the regulatory body of the other state or states.

If an authority has reasonable cause to believe that an applicant made a false assertion concerning one of the required application statements, the authority may suspend the license, certificate, registration, or permit pending an investigation or further disciplinary action or revocation.

Employment Preferences for Veterans.

In-state employment and contracting, certain honorably discharged veterans, surviving spouses of veterans, and spouses of veterans who have a service-connected permanent and total disability are preferred for appointment and employment.

In every private, nonpublic employment in this state, certain honorably discharged veterans, surviving spouses of veterans, and spouses of veterans who have a service-connected permanent and total disability may be preferred for employment.

Business and Occupation Tax.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Businesses must pay the B&O tax even though

they may not have any profits or may be operating at a loss. Businesses may be subjected to more than one B&O tax rate, depending on the types of activities conducted.

Credits against the B&O tax are provided to businesses that provide a position to an unemployed veteran who is employed in a permanent full-time position for at least two consecutive full calendar quarters. To qualify, the veteran must have been unemployed for at least 30 days immediately preceding the date on which the veteran was hired by the business claiming the credit. The credit is equal to 20 percent of wages and benefits paid, up to a maximum of \$1,500 for each qualified employment position filled by an unemployed veteran. The credits are available on a first-in-time basis not to exceed \$500,000 in any fiscal year. Credits may be earned for tax reporting periods through June 30, 2022, and no credits may be claimed after June 30, 2023.

Public Utility Tax.

The public utility tax (PUT) is imposed on gross income derived from operation of public and privately owned utilities, including businesses that engage in transportation, communications, and the supply of energy, natural gas, and water. The tax is in lieu of the B&O tax. This tax applies only on sales to consumers. There are also varying rates of PUT, depending on the specific utility activity.

Credits against the PUT tax are provided to businesses that provide a position to an unemployed veteran who is employed in a permanent full-time position for at least two consecutive calendar quarters. To qualify, the veteran must have been unemployed for at least 30 days immediately preceding the date on which the veteran was hired by the business claiming the credit. The credit is equal to 20 percent of wages and benefits paid, up to a maximum of \$1,500 for each qualified employment position filled by an unemployed veteran. The credits are available on a first-in-time basis not to exceed \$500,000 in any fiscal year. Credits may be earned for tax reporting periods through June 30, 2022, and no credits may be claimed after June 30, 2023.

Special Employment Assistance.

The Employment Assistance Program (EAP) at the Employment Security Department (ESD) assists unemployed workers in securing employment. The EAP includes programs and activities that:

- give older unemployed workers and the long-term unemployed the highest priority for services;
- supplement basic employment services with special job search and placement assistance; and
- provide employment services, such as recruitment, screening, and referral of qualified workers to certain agricultural areas.

Demonstration Campaign to Increase Employment.

The Washington State Department of Veterans Affairs (WDVA), the ESD, and the Department of Commerce (COM), in consultation with local chambers of commerce, associate development organizations, and businesses, have developed a demonstration campaign to increase veteran employment in Washington.

Office of Minority and Women's Business Enterprises.

The Office of Minority and Women's Business Enterprises (OMWBE) was created to provide minority and women-owned and controlled businesses with the maximum practicable opportunity for increased participation in public-works contracts and public contracts for goods and services. Among other duties, the OMWBE must identify barriers to equal participation by qualified businesses in all state agency and educational contracts and must establish annual goals for participation by qualified businesses for each state agency and educational institution. The OMWBE is the sole authority in Washington for certifying minority, women-owned, and socially and economically disadvantaged business enterprises. Certified business enterprises are listed in the OMWBE database, which is used by cities, counties, state agencies, transportation agencies, and educational institutions to source small and diverse firms for potential contracting opportunities.

Summary of Substitute Bill:

Military Spouse.

A military spouse is any person currently or previously married to a military service member during the military service member's time of active duty in any branch of the Armed Forces of the United States.

Military Spouses-Professional Licensing.

Any board, commission, or other authority issuing standard or provisional licenses, certificates, registrations, or permits to perform professional services must establish procedures to expedite issuance to active duty military spouses who relocate to Washington and possess substantially equivalent authorization. An active duty military spouse is any person currently married to someone who is an active or reserve member in any branch of the Armed Forces of the United States.

Employment Preferences for Veterans.

The state hiring preference for veterans is extended to military spouses, and the permissive preference for veterans in private employment is extended to military spouses.

Business and Occupation Tax.

Businesses that provide an employment position to an unemployed military spouse may qualify for the B&O tax credit available for hiring an unemployed veteran. All limits and conditions of the credit for hiring an unemployed veteran apply.

Public Utility Tax.

Businesses that provide an employment position to an unemployed military spouse may qualify for the PUT tax credit available for hiring an unemployed veteran. All limits and conditions of the credit for hiring an unemployed veteran apply.

Special Employment Assistance.

In addition to older unemployed workers and the long-term unemployed, military spouses must be given the highest priority for services under the EAP.

Demonstration Campaign to Increase Employment.

Military spouses are included in the demonstration campaign to increase veteran employment in Washington. In addition to current efforts, the WDVA, the ESD, and the COM must develop and deliver training and other resources for employers addressing the elimination of barriers to veteran and military spouse employment and strategies for recruiting and retaining veteran and military spouse employees.

Office of Minority and Women's Business Enterprises-Military Spouse Pilot Program.

The OMWBE must implement a two-year pilot program to conduct outreach and provide support and technical assistance to military spouses who are women and minority business owners. The OMWBE must partner with the COM, the WDVA, the United States Small Business Administration, and other organizations that provide support to small businesses. The pilot program must include one military installation community. By December 31, 2021, the OMWBE must report to the Joint Committee on Veterans' and Military Affairs on outreach efforts, the number of business owners who participated in the program, and the status of businesses that were part of the pilot program.

Work Group on Military Spouse Demographics.

The COM must convene a work group to develop recommendations on best practices for collecting demographic data on military families receiving services, support, assistance, and benefits from state agencies. The work group must include representatives from:

- the WDVA;
- the Department of Health;
- the COM;
- the Washington Student Achievement Council;
- the Board for Community and Technical Colleges;
- the Health Care Authority;
- the Office of Financial Management; and
- the United States Department of Defense.

The work group must, at a minimum:

- determine what data on military families is already being collected by each agency;
- establish best practices for agencies to share demographic data on military families in order to better serve and support military families; and
- recommend methods to encourage military families to self-identify for the purposes of collecting demographic data.

The following three reports must be developed and issued to the Joint Committee on Veterans' and Military Affairs by December 31, 2019:

- a report on the findings and recommendations of the work group;
- a report on the number of military spouses residing in the state, developed by the Office of Financial Management; and
- a report on the employment and wages of working-age military spouses, developed by the ESD.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the original bill:

- removes military spouse status from the list of classes protected under the Washington State Law Against Discrimination;
- removes all provisions prohibiting a state agency from charging a licensing fee to a military spouse;
- removes requirements for expedited approval of business licenses through the Business Licensing Service;
- removes references to veterans from legislative findings related to affirmative action and the state personnel resource management policy;
- modifies the requirement that state agencies develop and deliver training and other resources for employers addressing employment issues related to veterans and military spouses by removing references to veterans; and
- adds a provision that allows businesses that provide employment to an unemployed military spouse to qualify for a credit against the PUT under the same terms and conditions as would apply for hiring an unemployed veteran.

Appropriation: None.

Fiscal Note: Requested on February 19, 2019.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The bill focuses on addressing minor changes in law to make Washington a veteran and military family friendly state. Military spouses are one of the most underemployed and unemployed demographics in the country. Military spouses should receive the same support as veterans. Military spouses should not suffer discrimination in the employment market due to their status, and entrepreneurial military spouses need expedited professional licensing. Hiring preferences and employment initiatives are also important for military spouses. Finally, data needs to be collected regarding the demographics of military spouses in order to better serve military families.

(Opposed) None.

(Other) High rates of unemployment and underemployment among military spouses create significant economic hardships for the entire military family. This bill contains a set of tools to help a range of military spouses achieve economic parity with their nonmilitary counterparts.

Persons Testifying: (In support) Representative Reeves, prime sponsor.

(Other) Mark Sullivan, Washington State Department of Veterans Affairs.

Persons Signed In To Testify But Not Testifying: None.