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**SENATE BILL 6564**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Senators Braun, Becker, and Zeiger

Read first time 01/22/20. Referred to Committee on Human Services,  
Reentry & Rehabilitation.

1 AN ACT Relating to providing incentives to employers to hire  
2 certain hard-to-place job seekers; adding a new section to chapter  
3 82.04 RCW; adding a new section to chapter 82.16 RCW; creating a new  
4 section; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference  
7 performance statement for the tax preferences contained in sections 2  
8 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of this act).  
9 This performance statement is only intended to be used for subsequent  
10 evaluation of the tax preference. It is not intended to create a  
11 private right of action by any party or be used to determine  
12 eligibility for preferential tax treatment.

13 (2) The legislature categorizes these tax preferences as ones  
14 intended to induce certain designated behavior by taxpayers and  
15 create or retain jobs, as indicated in RCW 82.32.808(2) (a) and (c).

16 (3) It is the legislature's specific public policy objective to  
17 encourage the employment of certain unemployed persons, such as  
18 persons convicted of a felony, recipients of certain federal or state  
19 benefits, and homeless persons. It is the legislature's intent to  
20 provide employers a credit against the business and occupation tax or  
21 public utility tax for hiring certain unemployed persons which would

1 reduce an employer's tax burden thereby inducing employers to hire  
2 and create jobs for such persons. Pursuant to chapter 43.136 RCW, the  
3 joint legislative audit and review committee must review the business  
4 and occupation tax and public utility tax credit established under  
5 sections 2 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of  
6 this act) by December 31, 2029.

7 (4) If a review finds that the number of unemployed persons who  
8 meet the criteria in section 2(7)(c)(i) or 3(7)(c)(i) of this act  
9 decreased by thirty percent, then the legislature intends for the  
10 legislative auditor to recommend extending the expiration date of the  
11 tax preference.

12 (5) In order to obtain the data necessary to perform the review  
13 in subsection (4) of this section, the joint legislative audit and  
14 review committee should refer to unemployment rates available from  
15 the employment security department and the bureau of labor  
16 statistics.

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

19 (1) A person is allowed a credit against the tax due under this  
20 chapter as provided in this section. The credit equals twenty percent  
21 of wages and benefits paid to or on behalf of a qualifying employee  
22 up to a maximum of one thousand five hundred dollars for each  
23 qualifying employee hired on or after October 1, 2020.

24 (2) No credit may be claimed under this section until a  
25 qualifying employee has been employed for at least two consecutive  
26 full calendar quarters.

27 (3) Unused credit may be carried over and used in subsequent tax  
28 reporting periods, except as provided in subsection (8) of this  
29 section. No refunds may be granted for credits under this section.

30 (4) If an employer discharges a qualifying employee for whom the  
31 employer has claimed a credit under this section, the employer may  
32 not claim a new credit under this section for a period of one year  
33 from the date the qualifying employee was discharged. However, this  
34 subsection (4) does not apply if the qualifying employee was  
35 discharged for misconduct, as defined in RCW 50.04.294, connected  
36 with his or her work or discharged due to a felony or gross  
37 misdemeanor conviction, and the employer contemporaneously documents  
38 the reason for discharge.

1 (5) Credits earned under this section may be claimed only on  
2 returns filed electronically with the department using the  
3 department's online tax filing service or other method of electronic  
4 reporting as the department may authorize. No application is required  
5 to claim the credit, but the taxpayer must keep records necessary for  
6 the department to determine eligibility under this section including  
7 records establishing the person's status as a qualifying employee  
8 under subsection (7)(c)(i) and (ii) of this section when hired by the  
9 taxpayer.

10 (6) No person may claim a credit against taxes due under both  
11 this chapter and chapter 82.16 RCW for the same qualifying employee.

12 (7) The definitions in this subsection apply throughout this  
13 section unless the context clearly requires otherwise.

14 (a) "Homeless person" has the same meaning as provided in RCW  
15 43.185C.010.

16 (b) "Person convicted of a felony" means a person, including a  
17 juvenile as defined in RCW 13.40.020, convicted of a felony under  
18 state or federal statute who is hired within one calendar year after  
19 the last date that the person was convicted or released from prison.

20 (c) "Qualifying employee" means a person who meets all of the  
21 following requirements:

22 (i) Is a homeless person, a person convicted of a felony, a  
23 recipient of food stamps, a recipient of temporary assistance for  
24 needy families, a supplemental security income recipient, or a  
25 vocational rehabilitation referral;

26 (ii) Was unemployed as defined in RCW 50.04.310 for at least  
27 thirty days immediately preceding the date that the person was hired  
28 by the person claiming the credit under this section; and

29 (iii) Is employed in a permanent full-time position for at least  
30 two consecutive full calendar quarters by the person claiming the  
31 credit under this section. For seasonal employers, "qualifying  
32 employee" also includes the equivalent of a full-time employee in  
33 work hours for two consecutive full calendar quarters. For purposes  
34 of this subsection (7)(c)(iii), "full-time" means a normal workweek  
35 of at least thirty-five hours.

36 (d) "Recipient of food stamps" means a person between the ages of  
37 eighteen to thirty-nine who is a recipient of food stamps or food  
38 stamp benefits under chapter 74.04 RCW.

39 (e) "Recipient of temporary assistance for needy families" means  
40 a person receiving benefits under chapter 74.12 RCW.

1 (f) "Supplemental security income recipient" means a person  
2 receiving federal supplemental security income benefits.

3 (g) "Vocational rehabilitation referrals" means an injured worker  
4 referred for vocational rehabilitation services under chapter 51.32  
5 RCW.

6 (8) Credits allowed under this section can be earned for tax  
7 reporting periods through June 30, 2029. No credits can be claimed  
8 after June 30, 2030.

9 (9) This section expires July 1, 2030.

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

12 (1) A person is allowed a credit against the tax due under this  
13 chapter as provided in this section. The credit equals twenty percent  
14 of wages and benefits paid to or on behalf of a qualifying employee  
15 up to a maximum of one thousand five hundred dollars for each  
16 qualifying employee hired on or after October 1, 2020.

17 (2) No credit may be claimed under this section until a  
18 qualifying employee has been employed for at least two consecutive  
19 full calendar quarters.

20 (3) Unused credit may be carried over and used in subsequent tax  
21 reporting periods, except as provided in subsection (8) of this  
22 section. No refunds may be granted for credits under this section.

23 (4) If an employer discharges a qualifying employee for whom the  
24 employer has claimed a credit under this section, the employer may  
25 not claim a new credit under this section for a period of one year  
26 from the date the qualifying employee was discharged. However, this  
27 subsection (4) does not apply if the qualifying employee was  
28 discharged for misconduct, as defined in RCW 50.04.294, connected  
29 with his or her work or discharged due to a felony or gross  
30 misdemeanor conviction, and the employer contemporaneously documents  
31 the reason for discharge.

32 (5) Credits earned under this section may be claimed only on  
33 returns filed electronically with the department using the  
34 department's online tax filing service or other method of electronic  
35 reporting as the department may authorize. No application is required  
36 to claim the credit, but the taxpayer must keep records necessary for  
37 the department to determine eligibility under this section including  
38 records establishing the person's status as a qualifying employee

1 under subsection (7)(c)(i) and (ii) of this section when hired by the  
2 taxpayer.

3 (6) No person may claim a credit against taxes due under both  
4 chapter 82.04 RCW and this chapter for the same qualifying employee.

5 (7) The definitions in this subsection apply throughout this  
6 section unless the context clearly requires otherwise.

7 (a) "Homeless person" has the same meaning as provided in RCW  
8 43.185C.010.

9 (b) "Person convicted of a felony" means a person, including a  
10 juvenile as defined in RCW 13.40.020, convicted of a felony under  
11 state or federal statute who is hired within one calendar year after  
12 the last date that the person was convicted or released from prison.

13 (c) "Qualifying employee" means a person who meets all of the  
14 following requirements:

15 (i) Is a homeless person, a person convicted of a felony, a  
16 recipient of food stamps, a recipient of temporary assistance for  
17 needy families, a supplemental security income recipient, or a  
18 vocational rehabilitation referral;

19 (ii) Was unemployed as defined in RCW 50.04.310 for at least  
20 thirty days immediately preceding the date that the person was hired  
21 by the person claiming the credit under this section; and

22 (iii) Is employed in a permanent full-time position for at least  
23 two consecutive full calendar quarters by the person claiming the  
24 credit under this section. For seasonal employers, "qualifying  
25 employee" also includes the equivalent of a full-time employee in  
26 work hours for two consecutive full calendar quarters. For purposes  
27 of this subsection (7)(c)(iii), "full-time " means a normal workweek  
28 of at least thirty-five hours.

29 (d) "Recipient of food stamps" means a person between the ages of  
30 eighteen to thirty-nine who is a recipient of food stamps or food  
31 stamp benefits under chapter 74.04 RCW.

32 (e) "Recipient of temporary assistance for needy families" means  
33 a person receiving benefits under chapter 74.12 RCW.

34 (f) "Supplemental security income recipient" means a person  
35 receiving federal supplemental security income benefits.

36 (g) "Vocational rehabilitation referrals" means an injured worker  
37 referred for vocational rehabilitation services under chapter 51.32  
38 RCW.

1           (8) Credits allowed under this section can be earned for tax  
2 reporting periods through June 30, 2029. No credits can be claimed  
3 after June 30, 2030.

4           (9) This section expires July 1, 2030.

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