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**HOUSE BILL 1716**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Rule, Corry, Stokesbary, Reeves, Chapman, Jacobsen, and Eslick

AN ACT Relating to supporting employers providing child care assistance to employees by establishing a business and occupation tax credit for businesses and requiring the department of revenue to provide a report to the legislature; adding a new section to chapter 82.04 RCW; creating a new section; and providing an expiration date.

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

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

(1) Beginning January 1, 2026, a business is allowed a credit against the tax imposed in this chapter equal to all costs related to providing child care assistance to employees.

(2) By January 1, 2025, the department is required to provide the legislature a report that includes the following:

(a) The number of businesses in the state that provide child care assistance to their employees;

(b) The estimated cost of the credit under this section to the state once implemented; and

(c) An implementation plan for the administration of the credit under this section, including the creation of necessary physical or electronic forms for eligible businesses claiming the credit.

(3) For purposes of this section, "child care assistance" means the portion of the employee's salary or wage that is provided by the employer to the employee to be used to offset the employee's expenses related to child care, including tuition.

(4) This section expires January 1, 2034.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 1, chapter . . ., Laws of 2023 (section 1 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objective to provide reduced tax liability for businesses that provide child care assistance for employees.

(4) If a review finds that the tax preference increases the number of businesses in the state that provide child care assistance for employees by 15 percent, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

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