

HB 1005 - H AMD 796

By Representative Abbarno

NOT CONSIDERED 03/07/2024

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature recognizes that the
4 impacts of the COVID-19 pandemic on veterans and military families
5 have been especially hard. The legislature also finds that labor
6 shortages are contributing to the ongoing supply chain disruptions
7 facing many industries, and hiring incentives for veterans and their
8 families can help our economy. The legislature intends to reinstate
9 the tax incentive for hiring veterans, increase the value of the
10 incentive, increase the statewide incentive cap, and expand
11 eligibility. The legislature finds that concerns for underemployment
12 and unemployment of spouses is a major issue for active duty service
13 members. Therefore, the legislature intends to expand eligibility for
14 the previously existing unemployed veteran hiring tax credit to
15 spouses of active duty military and veterans. The legislature finds
16 that the former requirement that a veteran be unemployed for at least
17 30 days prior to hiring to be eligible for the tax credit can worsen
18 economic hardship rather than expedite economic support, and creates
19 unnecessary administrative complexity that may hinder utilization of
20 the incentive by employers. Therefore, the legislature intends for
21 employers to be eligible for the tax credit regardless of the
22 duration of unemployment.

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

25 (1) A person is allowed a credit against the tax due under this
26 chapter as provided in this section. The credit equals 20 percent of
27 wages and benefits paid to or on behalf of a qualified employee up to
28 a maximum of \$3,000 for each qualified employee hired on or after
29 July 1, 2024.

1 (2) No credit may be claimed under this section until a qualified
2 employee has been employed for at least two consecutive full calendar
3 quarters.

4 (3) Credits are available on a first-in-time basis. The
5 department must keep a running total of all credits allowed under
6 this section and section 2 of this act during each fiscal year. The
7 department may not allow any credits that would cause the total
8 credits allowed under this section and section 2 of this act to
9 exceed \$5,000,000 in any fiscal year. If all or part of a claim for
10 credit is disallowed under this subsection, the disallowed portion is
11 carried over to the next fiscal year. However, the carryover into the
12 next fiscal year is only permitted to the extent that the cap for the
13 next fiscal year is not exceeded. Priority must be given to credits
14 carried over from a previous fiscal year. The department must provide
15 written notice to any person who has claimed tax credits in excess of
16 the limitation in this subsection. The notice must indicate the
17 amount of tax due and provide that the tax be paid within 30 days
18 from the date of the notice. The department may not assess penalties
19 and interest as provided in chapter 82.32 RCW on the amount due in
20 the initial notice if the amount due is paid by the due date
21 specified in the notice, or any extension thereof.

22 (4) The credit may be used against any tax due under this
23 chapter, and may be carried over until used, except as provided in
24 subsection (9) of this section. No refunds may be granted for credits
25 under this section.

26 (5) If an employer discharges a qualified employee for whom the
27 employer has claimed a credit under this section, the employer may
28 not claim a new credit under this section for a period of one year
29 from the date the qualified employee was discharged. However, this
30 subsection (5) does not apply if the qualified employee was
31 discharged for misconduct, as defined in RCW 50.04.294, connected
32 with his or her work or discharged due to a felony or gross
33 misdemeanor conviction, and the employer contemporaneously documents
34 the reason for discharge.

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

1 records establishing the person's status as a veteran and status as
2 unemployed when hired by the taxpayer.

3 (7) No person may claim a credit against taxes due under both
4 this chapter and chapter 82.16 RCW for the same qualified employee.

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

7 (a)(i) "Qualified employee" means a veteran, spouse of a veteran,
8 or spouse of an active duty military member who is employed in a
9 permanent full-time position for at least two consecutive full
10 calendar quarters. For seasonal employers, "qualified employee" also
11 includes the equivalent of a full-time employee in work hours for two
12 consecutive full calendar quarters.

13 (ii) For purposes of this subsection (8)(a), "full time" means a
14 normal workweek of at least 35 hours.

15 (b) "Veteran" means every person who has received an honorable
16 discharge or received a general discharge under honorable conditions
17 or is currently serving honorably, and who has served as a member in
18 any branch of the armed forces of the United States, including the
19 national guard and armed forces reserves.

20 (9) Credits allowed under this section can be earned for tax
21 reporting periods through June 30, 2034. No credits can be claimed
22 after June 30, 2035.

23 (10) This section expires July 1, 2036.

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

26 (1) A person is allowed a credit against the tax due under this
27 chapter as provided in this section. The credit equals 20 percent of
28 wages and benefits paid to or on behalf of a qualified employee up to
29 a maximum of \$3,000 for each qualified employee hired on or after
30 July 1, 2024.

31 (2) No credit may be claimed under this section until a qualified
32 employee has been employed for at least two consecutive full calendar
33 quarters.

34 (3) Credits are available on a first-in-time basis. The
35 department must keep a running total of all credits allowed under
36 this section and section 1 of this act during each fiscal year. The
37 department may not allow any credits that would cause the total
38 credits allowed under this section and section 1 of this act to
39 exceed \$5,000,000 in any fiscal year. If all or part of a claim for

1 credit is disallowed under this subsection, the disallowed portion is
2 carried over to the next fiscal year. However, the carryover into the
3 next fiscal year is only permitted to the extent that the cap for the
4 next fiscal year is not exceeded. Priority must be given to credits
5 carried over from a previous fiscal year. The department must provide
6 written notice to any person who has claimed tax credits in excess of
7 the limitation in this subsection. The notice must indicate the
8 amount of tax due and provide that the tax be paid within 30 days
9 from the date of the notice. The department may not assess penalties
10 and interest as provided in chapter 82.32 RCW on the amount due in
11 the initial notice if the amount due is paid by the due date
12 specified in the notice, or any extension thereof.

13 (4) The credit may be used against any tax due under this
14 chapter, and may be carried over until used, except as provided in
15 subsection (9) of this section. No refunds may be granted for credits
16 under this section.

17 (5) If an employer discharges a qualified employee for whom the
18 employer has claimed a credit under this section, the employer may
19 not claim a new credit under this section for a period of one year
20 from the date the qualified employee was discharged. However, this
21 subsection (5) does not apply if the qualified employee was
22 discharged for misconduct, as defined in RCW 50.04.294, connected
23 with his or her work or discharged due to a felony or gross
24 misdemeanor conviction, and the employer contemporaneously documents
25 the reason for discharge.

26 (6) Credits earned under this section may be claimed only on
27 returns filed electronically with the department using the
28 department's online tax filing service or other method of electronic
29 reporting as the department may authorize. No application is required
30 to claim the credit, but the taxpayer must keep records necessary for
31 the department to determine eligibility under this section including
32 records establishing the person's status as a veteran and status as
33 unemployed when hired by the taxpayer.

34 (7) No person may claim a credit against taxes due under both
35 chapter 82.04 RCW and this chapter for the same qualified employee.

36 (8) The definitions in this subsection apply throughout this
37 section unless the context clearly requires otherwise.

38 (a) (i) "Qualified employee" means a veteran, spouse of a veteran,
39 or spouse of an active duty military member who is employed in a
40 permanent full-time position for at least two consecutive full

1 calendar quarters. For seasonal employers, "qualified employee" also
2 includes the equivalent of a full-time employee in work hours for two
3 consecutive full calendar quarters.

4 (ii) For purposes of this subsection (8)(a), "full time" means a
5 normal workweek of at least 35 hours.

6 (b) "Veteran" means every person who has received an honorable
7 discharge or received a general discharge under honorable conditions
8 or is currently serving honorably, and who has served as a member in
9 any branch of the armed forces of the United States, including the
10 national guard and armed forces reserves.

11 (9) Credits allowed under this section can be earned for tax
12 reporting periods through June 30, 2034. No credits can be claimed
13 after June 30, 2035.

14 (10) This section expires July 1, 2036.

15 NEW SECTION. **Sec. 4.** RCW 82.32.808 does not apply to this act."

16 Correct the title.

EFFECT: Reinstates the expired tax preference and expands it as
was done in the underlying bill.

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