
SENATE BILL 6377

State of Washington

54th Legislature

1996 Regular Session

By Senator Heavey

Read first time 01/12/96. Referred to Committee on Human Services & Corrections.

1 AN ACT Relating to business tax credits for assisting in the
2 provision of child care; adding new sections to chapter 82.04 RCW; and
3 providing an effective date.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that there is a
6 shortage of available quality child care because of the growing number
7 of working persons who need child care assistance. This causes
8 problems for the families and for economic development generally.
9 Child care provided by employers or assisted by employers has
10 advantages for both the employer and the employee and his or her
11 family. The advantages for the employer include lower absenteeism,
12 lower job turnover, and a more productive employee. The advantages for
13 the employee include accessibility to the child by a parent during the
14 workday, coordination of the child care center with the employee's work
15 hours, and a higher assurance of quality care for the child.

16 (2) The legislature also finds that employer-provided or employer-
17 assisted child care provides significant public benefits by
18 contributing to a more stable and productive work force, to quality
19 care for children, and to a more stable family. Property owners who

1 provide facilities for companies can also make a significant
2 contribution by providing child care assistance.

3 NEW SECTION. **Sec. 2.** (1) In computing the tax due under this
4 chapter, a credit against the amount of tax is allowed for money spent
5 or space provided for child care or assisting off-site child care
6 programs, as provided in this section and sections 3 and 4 of this act.

7 (2) For on-site child care space provided by a single taxpayer, the
8 available credit in each tax year is three dollars per square foot for
9 space provided exclusively for child care. In each tax year, an
10 additional one dollar per square foot of space may be taken as a credit
11 for each of the following provided by a child care facility: (a) A
12 quality outside play area, (b) sick leave, vacation, and health
13 benefits for employees of the child care facility, (c) care for
14 handicapped children, and (d) after one year of operation,
15 accreditation by the national association of the education of young
16 people.

17 (3) For centrally located on-site or off-site child care space that
18 is provided jointly by two or more taxpayers, the available credit is
19 based on the criteria in subsection (1) of this section but is prorated
20 between the taxpayers providing the child care.

21 (4) For assisting off-site child care that does not fall under
22 subsection (2) or (3) of this section, such as subsidizing local child
23 care centers, establishing or subsidizing a local family child care
24 home network, or otherwise working with community organizations to
25 provide child care services, the available credit is up to twenty-five
26 percent of the amount expended in any tax year.

27 (5) The credits allowed under this section are per child care
28 facility or program established or assisted by a taxpayer. A taxpayer
29 may take credits for one or more child care facilities or programs.

30 NEW SECTION. **Sec. 3.** (1) The credits allowed under section 2 of
31 this act are available only if the child care is provided in this state
32 and meets all the state and local requirements regarding the provision
33 of child care, including licensing and operating the child care
34 facility.

35 (2) The child care facility may, when space is available, provide
36 care for the children of persons not employed by the taxpayer
37 requesting the credit under section 2 of this act. However, if the

1 taxpayer is providing child care for its own employees, the taxpayer's
2 involvement in child care shall be generally proportionate to the
3 expected needs of the employees or, if the taxpayer is a property
4 owner, to the expected needs of employees of businesses located on the
5 property.

6 (3) Credits allowed under section 2 of this act are not available
7 when any space provided for child care is not donated.

8 (4) Credits allowed under section 2 of this act are limited to a
9 maximum of three hundred square feet per full-time child. The number
10 of full-time children must be certified to the department by the
11 taxpayer as of the last day of the last month of the taxpayer's tax
12 year. For the purposes of this subsection, "full-time child" means a
13 child that receives child care for an average of at least six hours per
14 day.

15 NEW SECTION. **Sec. 4.** The total amount of credits allowed to
16 taxpayers under section 2 of this act shall not exceed one hundred
17 thousand dollars in fiscal year 1997, two hundred thousand dollars in
18 fiscal year 1998, three hundred thousand dollars in fiscal year 1999,
19 and four hundred thousand dollars each fiscal year thereafter.

20 NEW SECTION. **Sec. 5.** The department of social and health services
21 and the department of revenue shall jointly adopt rules deemed
22 necessary by the departments to carry out sections 1 through 4 of this
23 act, including rules for applying for the credits allowed under
24 sections 1 through 4 of this act and for prioritizing credits on the
25 basis of need and the greatest public benefit when the limits
26 established under section 4 of this act may be exceeded. These
27 departments shall report to the house of representatives commerce and
28 labor committee and the senate labor, commerce and trade committee in
29 writing on sections 1 through 4 of this act in December 1998, and shall
30 include any recommendations the departments may have.

31 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act are each
32 added to chapter 82.04 RCW.

33 NEW SECTION. **Sec. 7.** This act shall take effect July 1, 1996.

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