
HOUSE BILL 1538

State of Washington

52nd Legislature

1991 Regular Session

By Representatives Heavey, Silver, Sheldon, Prince, Rasmussen, D. Sommers, Lisk, Ferguson, Forner, Moyer, Cooper, Pruitt, Winsley, Leonard, Cantwell, Dorn, Haugen, Ballard, Wineberry, Jacobsen, Jones, Wynne, Holland, Van Luven, Ludwig, Orr, Betrozoff, Brekke, Scott, Paris, Brough and Anderson.

Read first time January 31, 1991. Referred to Committee on Trade & Economic Development\Revenue.

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;
3 providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that there is
6 a shortage of available quality child care because of the growing
7 number 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

1 workday, coordination of the child care center with the employee's work
2 hours, and a higher assurance of quality care for the child.

3 (2) The legislature also finds that employer-provided or employer-
4 assisted child care provides significant public benefits by
5 contributing to a more stable and productive workforce, to quality care
6 for children, and to a more stable family. Property owners who provide
7 facilities for companies can also make a significant contribution by
8 providing child care assistance.

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

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

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

27 (4) For assisting off-site child care that does not fall under
28 subsection (2) or (3) of this section, such as subsidizing local child
29 care centers, establishing or subsidizing a local family child care

1 home network, or otherwise working with community organizations to
2 provide child care services, the available credit is up to twenty-five
3 percent of the amount expended in any tax year.

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

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

12 (2) The child care facility may, when space is available, provide
13 care for the children of persons not employed by the taxpayer
14 requesting the credit under section 2 of this act. However, if the
15 taxpayer is providing child care for its own employees, the taxpayer's
16 involvement in child care shall be generally proportionate to the
17 expected needs of the employees, or if the taxpayer is a property
18 owner, to the expected needs of employees of businesses located on the
19 property.

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

22 (4) Credits allowed under section 2 of this act shall be limited to
23 a maximum of three hundred square feet per full-time child. The number
24 of full-time children shall be certified to the department by the
25 taxpayer as of the last day of the last month of the taxpayer's tax
26 year. For the purposes of this subsection, "full-time child" is a
27 child that receives child care for an average of at least six hours per
28 day.

1 NEW SECTION. **Sec. 4.** The total amount of credits allowed to
2 taxpayers under section 2 of this act shall not exceed one hundred
3 thousand dollars in fiscal year 1991, two hundred thousand dollars in
4 fiscal year 1992, three hundred thousand dollars in fiscal year 1993,
5 and four hundred thousand dollars each fiscal year thereafter.

6 NEW SECTION. **Sec. 5.** The department of social and health
7 services and the department of revenue shall jointly adopt rules deemed
8 necessary by the departments to carry out sections 1 through 4 of this
9 act, including rules for applying for the credits allowed under
10 sections 1 through 4 of this act and for prioritizing credits on the
11 basis of need and the greatest public benefit when the limits
12 established under section 4 of this act may be exceeded. These
13 departments shall report to the house of representatives commerce and
14 labor committee and the senate commerce and labor committee in writing
15 on sections 1 through 4 of this act in December 1993, and shall include
16 any recommendations the departments may have.

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

19 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of the
21 state government and its existing public institutions, and shall take
22 effect July 1, 1991.