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SENATE BILL 5915

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State of Washington

52nd Legislature

1991 Regular Session

By Senators Anderson, Wojahn, McDonald, Stratton, Skratek, Roach, Oke, Murray, Pelz, L. Smith, McCaslin, Johnson, von Reichbauer, Erwin, L. Kreidler, Rinehart, Hayner, Bailey, Thorsness and Newhouse.

Read first time March 4, 1991. Referred to Committee on Ways & Means.

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 all  
6 benefit when employers and child care providers forge partnerships that  
7 enhance the stability of the family and facilitate expanded economic  
8 prosperity in this state. The participation of both parents in the  
9 work force has resulted in the demand for affordable child care  
10 exceeding the supply in many communities. When child care is  
11 conveniently available to workplaces and in neighborhoods, the benefits  
12 to families, children, and the employer are many. For both the  
13 employer and employee, the benefits include reduced absenteeism,  
14 improved recruitment opportunities, and improved morale. Community  
15 agencies that assist employers and employees in establishing and

1 locating child care exist in many communities and can also be part of  
2 the partnership between employers and employees.

3 (2) It is the intent of the legislature to change the state tax  
4 structure to encourage the stability of families and the work force  
5 through the delivery of child care in partnership with employers.

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

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

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

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

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

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

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

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

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

26 NEW SECTION. **Sec. 4.** The total amount of credits allowed to  
27 taxpayers under section 2 of this act shall not exceed one million two

1 hundred fifty thousand dollars in fiscal year 1991 and two million five  
2 hundred thousand dollars for each fiscal year thereafter.

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

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

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