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SENATE BILL 6454

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State of Washington

54th Legislature

1996 Regular Session

By Senators Winsley, Wojahn, Quigley, Prentice, Fairley, Bauer and Kohl; by request of Governor Lowry

Read first time 01/15/96. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to public assistance recipient job training  
2 programs and employer business and occupation and utility tax credit  
3 incentives; adding a new chapter to Title 82 RCW; adding a new chapter  
4 to Title 74 RCW; creating new sections; providing an effective date;  
5 and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature that the  
8 department of social and health services, the employment security  
9 department, the work force training and education coordinating board,  
10 the department of community, trade, and economic development, and the  
11 community and technical colleges work together to market the tax  
12 incentive program established under section 6 of this act.

13 The goals of the tax incentive program are to give employers  
14 incentives to hire and train public assistance recipients and to  
15 increase the employability of public assistance recipients.

16 The legislature intends to achieve these goals through the  
17 provision of tax incentives in the form of tax credits for persons who  
18 agree, in writing, to hire and train recipients of aid to families with  
19 dependent children.

1 The legislature finds that incentives should be targeted by  
2 allowing smaller incentives to employers of recipients who have already  
3 achieved the higher levels of education and job experience while  
4 providing larger incentives for employers of recipients who are less  
5 job ready.

6 NEW SECTION. **Sec. 2.** (1) A person shall be allowed a credit  
7 against tax due under chapter 82.04 or 82.16 RCW of an amount equal to  
8 one hundred twenty percent of the payment made by an employer to a  
9 qualified training institution under a training plan for training a  
10 qualified employee, subject to the limitations set forth in this  
11 section. A person may not receive a credit for the same amounts under  
12 both chapters 82.04 and 82.16 RCW.

13 (2) A person claiming the credit shall file an affidavit form  
14 prescribed by the department, which shall include the amount of the  
15 credit claimed and additional information as the department may  
16 require.

17 (3)(a) The tax credit in respect to any qualified employee may not  
18 in a calendar year exceed:

19 (i) The lesser of eight percent of the qualified employee's gross  
20 annual wages or one thousand two hundred dollars in the case of a  
21 category 1 qualified employee;

22 (ii) The lesser of sixteen percent of the qualified employee's  
23 gross annual wages or two thousand four hundred dollars, in the case of  
24 a category 2 qualified employee; or

25 (iii) The lesser of twenty-four percent of the qualified employee's  
26 gross annual wages or three thousand six hundred dollars in the case of  
27 a category 3 qualified employee.

28 (b) The office of financial management shall, by December 1, 1996,  
29 for calendar year 1997, and by December 1 each year thereafter adjust  
30 the payment maximums under this subsection (3) to reflect inflation,  
31 using the previous calendar year's limit adjusted by an appropriate  
32 federal inflationary index reflecting the rate of inflation for the  
33 previous year. The department shall publish the new payment maximums.

34 (4) The credit in respect to any qualified employee may not be  
35 taken:

36 (a) For more than one year of training in the case of a category 1  
37 qualified employee; or

1 (b) For more than three years of training in the case of a category  
2 2 or category 3 qualified employee.

3 (5) The credit shall be taken against taxes due for the same  
4 calendar year in which the payment is made to the qualified training  
5 institution and must be claimed by the due date of the last tax return  
6 for the calendar year in which the payment is made to the qualified  
7 training institution.

8 (6) The department shall allow accrual of tax credits to a  
9 successor employer, if the business or firm is sold, assigned,  
10 conveyed, or otherwise transferred.

11 (7) Total credits allowed to all persons claiming credits may not  
12 exceed fifteen million dollars in any biennium.

13 (8) This section shall expire December 31, 2004.

14 NEW SECTION. **Sec. 3.** The definitions in this section apply  
15 throughout this chapter and sections 5 through 9 of this act unless the  
16 context indicates otherwise.

17 (1) "Gross annual wages" means salary, wages, tips, and other  
18 compensation paid to a qualified employee by an employer claiming the  
19 credit under this section during the calendar year for which the credit  
20 is claimed.

21 (2) "Person" has the meaning given in RCW 82.04.030.

22 (3) "Qualified employee" and "category 1, 2, or 3 qualified  
23 employee" means a person certified as such by the department of social  
24 and health services and hired before June 30, 2000. "Qualified  
25 employee" does not include a person hired by an employer to replace a  
26 striker or locked-out worker.

27 (4) "Qualified training institution" means a community or technical  
28 college, four-year college or university, public or private  
29 institution, apprenticeship program recognized by the Washington state  
30 apprenticeship and training council, or private industry council that  
31 has entered into a training plan that provides for the training of a  
32 qualified employee of a person claiming the credit under this chapter.

33 (5) "Training plan" means a written agreement, signed by a  
34 qualified employee, a union or other employee bargaining representative  
35 if the position is covered by a collective bargaining agreement, a  
36 qualified training institution, the department of social and health  
37 services or a designee of the department, and an employer claiming the  
38 credit under this section, which specifies the amount that the employer

1 will pay the qualified training institution for the payment costs for  
2 the qualified employee, the learning objectives that will be achieved  
3 by the training, and a statement of progressively increasing scale of  
4 wages to be paid to the employee during the training plan period, using  
5 a wage scale that exceeds federal poverty levels for a family of three.

6 NEW SECTION. **Sec. 4.** Chapter 82.32 RCW applies to the  
7 administration of this chapter.

8 NEW SECTION. **Sec. 5.** The definitions in section 3 of this act  
9 apply throughout this chapter unless the context clearly requires  
10 otherwise.

11 NEW SECTION. **Sec. 6.** (1) The tax incentive program is hereby  
12 established. The department may enter into training plans. The  
13 department shall by rule adopt guidelines for the tax incentive  
14 program. The guidelines must include, but are not limited to:

15 (a) Designation of three categories of eligible aid to families  
16 with dependent children recipients. The department shall by rule  
17 establish criteria for assigning recipients into categories 1, 2, and  
18 3. In establishing the criteria, the department shall consider the  
19 degree of work experience, training, wage and employment history, and  
20 education, category 1 representing recipients with the highest degree  
21 of job readiness;

22 (b) Selection criteria that includes establishment of a pool of  
23 prospective public assistance participants;

24 (c) A restriction on the total number of employees that an employer  
25 may have in the program, except that no more than twenty percent of the  
26 employers' employees may participate in the program;

27 (d) A requirement that the employer participate in the earned  
28 income tax credit program; and

29 (e) Standards regarding length of training plans, requiring the  
30 training institution to design the plan length so that it meets  
31 accepted training standards for that industry or profession. Training  
32 plans may not exceed three years.

33 (2) Qualified training institutions are deemed accredited for the  
34 purposes of this chapter if they meet national standards, standards of  
35 the state board for community and technical colleges, or standards of  
36 the work force training and education coordinating board.

1 (3) The department may contract with a public or private entity to  
2 carry out the department's duties under this chapter. The department  
3 reserves the right to withdraw designation of authority to this entity  
4 without showing cause.

5 (4) The department shall manage the program so that the total  
6 amount of credits by all persons claiming tax credits under chapter  
7 82.-- RCW (sections 1 through 4 of this act) does not exceed fifteen  
8 million dollars in any biennium. The department shall enter into  
9 contracts with employers on a first-come, first-served basis. The  
10 department shall not enter into contracts if the potential amount of  
11 credits by all persons potentially claiming credits will exceed fifteen  
12 million dollars in any biennium.

13 NEW SECTION. **Sec. 7.** The department may institute an experimental  
14 and control group study under this program. The department, in  
15 carrying out this study, may select particular recipients or categories  
16 of recipients, and is not subject to claims of discrimination from  
17 recipients who are not participating in the experimental group, if the  
18 selection process is in the furtherance of a valid public purpose.

19 NEW SECTION. **Sec. 8.** The department of social and health  
20 services, the employment security department, the department of  
21 community, trade, and economic development, and the community and  
22 technical colleges shall cooperate and coordinate among the existing  
23 state and federal assistance and training programs to focus the efforts  
24 of enrollees and programs to most effectively achieve results from the  
25 various programs.

26 NEW SECTION. **Sec. 9.** (1) Training plans may not be entered into  
27 after June 30, 2001. Contracts in effect on June 30, 2001, shall  
28 continue in effect according to the terms of the contract.

29 (2) If the program under chapter . . . , Laws of 1996 (this act) is  
30 terminated before June 30, 2001, persons eligible for tax credits at  
31 the time of program termination under chapter 82.-- RCW (sections 1  
32 through 4 of this act) shall receive the credits, subject to the  
33 limitations in section 2(7) of this act.

34 NEW SECTION. **Sec. 10.** (1) Sections 1 through 4 of this act shall  
35 constitute a new chapter in Title 82 RCW.

1 (2) Sections 5 through 9 of this act shall constitute a new chapter  
2 in Title 74 RCW.

3 NEW SECTION. **Sec. 11.** The department of revenue and the  
4 department of social and health services shall perform an assessment of  
5 the results of the tax incentive program created by this act and  
6 deliver a report on the assessment to the governor and the legislature  
7 by December 1, 2000. The assessment shall measure the effect of the  
8 tax incentive program on increasing self-sufficiency of public  
9 assistance recipients, and other factors the department of revenue and  
10 the department of social and health services may select.

11 NEW SECTION. **Sec. 12.** If any part of this act is found to be in  
12 conflict with federal requirements that are a prescribed condition to  
13 the allocation of federal funds to the state, the conflicting part of  
14 this act is inoperative solely to the extent of the conflict and with  
15 respect to the agencies directly affected, and this finding does not  
16 affect the operation of the remainder of this act in its application to  
17 the agencies concerned. The rules under this act shall meet federal  
18 requirements that are a necessary condition to the receipt of federal  
19 funds by the state.

20 NEW SECTION. **Sec. 13.** If any provision of this act or its  
21 application to any person or circumstance is held invalid, the  
22 remainder of the act or the application of the provision to other  
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 14.** This act shall take effect July 1, 1996.

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