

HOUSE BILL REPORT

HB 2899

As Reported By House Committee On:
Trade & Economic Development

Title: An act relating to youth job training and work force preparation.

Brief Description: Providing youth job training.

Sponsors: Representatives Skinner, Clements, Mason, Veloria, O'Brien, Costa, Ballasiotes, Van Luven and Conway.

Brief History:

Committee Activity:

Trade & Economic Development: 2/5/98 [DP].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Eickmeyer, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: The Washington Youthbuild Program was created by the Legislature in 1994 and is designed to address the lack of educational and economic opportunities for disadvantaged youth. This is accomplished by providing work on projects that result in the expansion or improvement of residential housing units for low-income or homeless persons. The program provides basic educational skills training, specialized job training in the construction industry, work experience, and leadership skills for disadvantaged youth that have not completed high school.

The Washington Youthbuild Program is administered by the Employment Security Department (ESD), in consultation with the Department of Community, Trade, and Economic Development. The ESD provides grants to local organizations to implement local Youthbuild programs. The local organization must be eligible to secure additional funding through a public and private partnership and be eligible to provide education and employment training under federal and state law. The program participants must be: (1) 16 to 24 years of age; (2) a member of a household with an income that is at or below 50 percent of the median income for the county; and (3) a high school dropout.

In 1994, the Legislature provided a single year of funding to implement the Washington Youthbuild program. The ESD awarded funding to local programs in Wenatchee, Yakima, Seattle, Spokane, and King County.

Washington's major business tax is the business and occupation (B&O) tax. The tax is imposed on the gross receipts of business activities conducted within the state, without any deductions for the cost of doing business. Businesses are taxable according to the activities they engage in and therefore may be subject to more than one tax rate.

The state of Washington imposes an insurance premiums tax on authorized insurers. The insurance premiums tax is in lieu of a business and occupations tax. The tax is based on two percent of the net premiums received by authorized insurers, except title insurers and fraternal benefit societies, after deductions of premiums that are returned to policyholders.

Summary of Bill: The Washington Youthbuild Program is revised to: (1) allow greater local flexibility in selecting eligible participants; (2) increase amounts to cover the administrative costs of the local Youthbuild program; (3) direct the Workforce Training and Education Coordination Board to provide technical assistance; (4) remove obsolete reporting requirements; (5) provide a business and occupation (B&O) tax credit for business contributions to a local Youthbuild program; and (6) change all references of Washington Youth build- to Washington Youthbuilt- wherever they occur.

Eligibility for participation in the Washington Youthbuilt program is expanded to include youth that have completed high school, but who still have basic educational needs despite having attained a high school diploma or its equivalent. The commissioner of the Employment Security Department may provide waivers to allow a local youthbuilt program to select up to 25 percent of their participants under this provision.

The amount of Washington Youthbuilt funds that can be used for the administrative costs of the local youthbuilt program is increased from 5 percent to 9 percent of the amount awarded.

The Workforce Training and Education Coordination Board must advise the Employment Security Department on program development and implementation.

Direct references to consultation with the Department of Community, Trade, and Economic Development and advice from the Washington State Job Training Coordinating Council are removed. Obsolete reporting requirements are removed. The Employment Security Department is to include reports on local youthbuilt programs as part of its report to the Governor and the Legislature.

A credit is provided against either the business and occupation (B&O) tax or the insurance premiums tax that is equal to 100 percent of the amount contributed by a business to support the activities of a local youthbuilt or youthbuilt-type program.

Prior to making a contribution, the business must submit its request for tax credit approval to the Employment Security Department in a form and manner approved by the Department of Revenue and Employment Security Department.

No single business may claim more than \$1 million in tax credits in a calendar year. The Department of Revenue may not issue a tax credit for a contribution that is less than \$1,000. The Department of Revenue may not award more than \$5 million in tax credit on a statewide basis per calendar year.

Appropriation: \$600,000 from the general fund to the Employment Security Department.

Fiscal Note: Requested on January 28, 1998.

Effective Date: Sections 8 and 9 take effect July 1, 1998. The remainder of the bill takes effect ninety days after adjournment of session in which bill is passed.

Testimony For: The Youth build program works at making a difference in the lives of the young people and the community. The main emphasis of the program is to earn a GED while learning construction skills. However, the program prepared some participants to go on to college. After the training the young people are ready to become contributing members of the community.

Testimony Against: None.

Testified: Lois Jones, Tacoma Urban League (pro); Gilbert Alines, Yakima Valley O.I.C. (Pro); Dave Scofield, Yakima Youth build (pro); James Harris, (pro); Anthony Minor, Seattle Youth build (pro); and Wes Pruitt, Workforce Training and Education Coordinating Board (pro).