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HOUSE BILL 2641

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State of Washington

55th Legislature

1998 Regular Session

By Representatives Morris, Dunshee, O'Brien, Kenney, Chopp, Kessler, Conway, Wood, Poulsen, Anderson, Ogden, Costa, Murray, Regala, Gardner, Gombosky and Wolfe; by request of Governor Locke

Read first time 01/16/98. Referred to Committee on Children & Family Services.

1 AN ACT Relating to providing tax credits for businesses making  
2 expenditures for employee child care; adding a new section to chapter  
3 82.04 RCW; adding a new section to chapter 82.16 RCW; creating a new  
4 section; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 (1) A person whose application has been approved by the department  
9 under this section may take a credit against tax imposed by this  
10 chapter, subject to the limitations in this section. The credit under  
11 this program is only available to persons with four hundred or fewer  
12 employees.

13 (2) The credit under this section is equal to fifty percent of the  
14 amount of qualifying costs expended for employee child care payments.  
15 Spending in excess of four hundred dollars per month for each child of  
16 an employee does not qualify for the credit. A person is not eligible  
17 to receive total credits over one hundred thousand dollars per calendar  
18 year. A person may only receive credit for amounts expended on job  
19 classes covered by the federal fair labor standards act.

1 (3) "Employee child care payments" includes a direct payment to the  
2 employee to be used exclusively for child care, a direct payment to a  
3 child care agency to be used exclusively for child care for an employee  
4 of the person making the payment, the direct costs related to child  
5 care provided at the worksite, or support for consortia child care.

6 (4) Application for credits under this section shall be made to the  
7 department in a form and manner as required by the department. The  
8 department shall approve or deny application for credits using the  
9 criteria under this section. A person receiving approval must keep  
10 records necessary for the department to verify eligibility under this  
11 section. A person shall apply for the credit after making the  
12 expenditure. Tax credit applications shall not be approved for  
13 expenditures that occurred before the effective date of this section.

14 (5) Tax credits are available on a first-come basis, with priority  
15 based on the date and time the application is received by the  
16 department. The total of credits granted under this section and  
17 section 2 of this act shall be no more than five million dollars of  
18 credits each fiscal year. The department shall keep a running total of  
19 all credits approved. If the amount submitted for a credit will cause  
20 the cap to be exceeded, the department shall give a partial approval of  
21 the application, equal to the amount of remaining credit available for  
22 the fiscal year.

23 (6) No applicant is eligible for tax credits under this section in  
24 excess of the amount of tax that would otherwise be due under this  
25 chapter. Approved credit may not be carried over to subsequent  
26 calendar years. The credit must be claimed by the due date of the last  
27 tax return for the calendar year in which the payment is made. Any  
28 unused credit expires. Refunds shall not be given in place of credits.

29 (7) If a person has used a credit granted under this section  
30 against tax due under chapter 82.16 RCW, the person may not use the  
31 same credit for tax due under this chapter.

32 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW  
33 to read as follows:

34 The tax credit program under section 1 of this act is available to  
35 persons for tax due under this chapter. If a person has used a credit  
36 granted under this section against tax due under chapter 82.04 RCW, the  
37 person may not use the same credit for tax due under this chapter.

1        NEW SECTION.    **Sec. 3.**    The department of revenue shall report to  
2 the legislature by December 1, 2001, on the use of the credit under  
3 this act and shall make any necessary recommendations for revision to  
4 the credit.

5        NEW SECTION.    **Sec. 4.**    This act takes effect July 1, 1998.

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