
HOUSE BILL 2654

State of Washington

55th Legislature

1998 Regular Session

By Representatives Dunshee, Morris, Gardner, Linville, Butler, Anderson, Cole, Keiser, Hatfield, Quall, Scott, Costa, Poulsen, Constantine, Lantz, Dickerson, Doumit, Kenney, O'Brien, Chopp, Kessler and Conway; by request of Governor Locke

Read first time 01/16/98. Referred to Committee on Finance.

1 AN ACT Relating to providing tax credits for businesses making
2 expenditures for work force training; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.16 RCW; and providing an
4 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. For the purposes
11 of this section, "employer" means the same as "person" as defined in
12 this chapter. The credit under this program is only available to
13 persons with five hundred or fewer employees.

14 (2)(a) The credit under this section is equal to fifty percent of
15 the amount of qualifying costs for work force training payments. A
16 person may not receive credit for amounts over five thousand dollars
17 annual training costs per employee. A person is not eligible to
18 receive total credits over two hundred fifty thousand dollars per

1 calendar year. A person may only receive credit for amounts expended
2 on job classes covered by the federal fair labor standards act.

3 (b) As a precondition to approval by the department under
4 subsection (4) of this section, the person must have entered into a
5 training contract with a public or private accredited training
6 institution. The work force training and education coordinating board
7 shall provide a list of accredited institutions to interested persons
8 and to the department. The training contracts must be for the training
9 of at least five employees. If an employer does not have five
10 employees to train, the person may coordinate with other employers who
11 have identical training needs to create groups to meet the five person
12 threshold.

13 (3) "Work force training payments" means the direct payments made
14 under a contract with a public or private accredited training
15 institution for formal technical or skill training, including basic
16 skills. The term includes amounts in the contract for costs of
17 instruction, materials, equipment, rental of class space, marketing,
18 and overhead. "Work force training payments" do not include employee
19 tuition reimbursements. Unless the tuition reimbursement is
20 specifically included in a contract under subsection (2)(b) of this
21 section.

22 (4) Application for credits under this section shall be made to the
23 department in a form and manner as required by the department. The
24 application shall include an affidavit affirming the person's
25 compliance with this section. The department shall approve or deny
26 application for credits using the criteria under this section. The
27 department shall require the person receiving approval to keep such
28 records as are necessary for the department to verify eligibility under
29 this section. A person shall apply for the credit after making an
30 expenditure. Tax credit applications shall not be approved for
31 expenditures that occurred before the effective date of this act.

32 (5) Tax credits are available on a first-come basis, with priority
33 based on the date and time the application is received by the
34 department. The total of credits granted under this section and
35 section 2 of this act shall be no more than ten million dollars of
36 credits each fiscal year, with two million five hundred thousand
37 dollars of the ten million dollars to be set aside and allocated
38 exclusively for training for jobs in a distressed county. "Distressed
39 county" means a county in which the average level of unemployment for

1 the three years before the year in which an application is filed under
2 this section exceeds the average state unemployment for those years by
3 twenty percent. The department shall keep a running total of all
4 credits approved. If the amount submitted for a credit will cause the
5 cap to be exceeded, the department shall give a partial approval of the
6 application, equal to the amount of remaining credit available for the
7 fiscal year.

8 (6) No person is eligible for tax credits under this section in
9 excess of the amount of tax that would otherwise be due under this
10 chapter. Approved credit may not be carried over to subsequent
11 calendar years. The credit must be claimed by the due date of the last
12 tax return for the calendar year in which the payment is made. Any
13 unused credit expires. Refunds shall not be given in place of credits.

14 (7) If a person has used a credit granted under this section
15 against tax due under chapter 82.16 RCW the person may not use the same
16 credit for tax due under this chapter.

17 (8) A person who takes credits under RCW 82.04.4333 may not take a
18 credit under this section for the same training.

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

21 The tax credit program under section 1 of this act is available to
22 persons for tax due under this chapter. If a person has used a credit
23 granted under this section against tax due under chapter 82.04 RCW, the
24 person may not use the same credit for tax due under this chapter. A
25 person who takes credits under RCW 82.04.4333 may not take a credit
26 under this section for the same training.

27 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

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