

January 26, 1999

**BILL ANALYSIS**

**TO:** Members, Committee on Economic Development, Housing, and Trade  
**FROM:** Kenny Pittman, Research Analyst (786-7392)  
**RE:** **HB 1180 - Revising the Washington youthbuilt program.**

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- Allows greater local flexibility in selecting eligible participants.
- Increase local administrative costs from 5 percent to 9 percent of the grant.
- Directs the Workforce Training and Education Coordination Board to provide technical assistance to Employment Security Department.
- Removes obsolete program reporting requirements.
- Changes all references from Youthbuild- to Youthbuilt-
- Provides a B&O tax credit to businesses that contribute to a local Youthbuilt program.
- Appropriates \$2 million from the general fund-state to the Employment Security Department.

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**D:**

The Washington Youthbuilt 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, in consultation with the Department of Community, Trade, and Economic Development. The Employment Security Department may provide grants, the lessor of \$300,000 or 25 percent of the total project costs, 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.

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 therefor may be subject to more than one tax rate.

### **SUMMARY:**

The Commissioner of Employment Security may provide a waiver to a local Youthbuild program to allow up to 25 percent of their participants to have completed high school, but who still have basic educational needs despite having attained a high school diploma or its equivalent.

The amount of funds that a local program can use for administrative costs is increased from 5 percent to 9 percent of the amount awarded.

The Workforce Training and Education Coordination Board is directed to advise the Employment Security Department on Youthbuild program development and implementation.

Technical revisions are made that: (1) changes all references to Youthbuild are changed to Youthbuilt; (2) removes obsolete reporting requirements; (3) requires reporting requirements to be included as part of the department's report to the Governor and the Legislature; (4) removes references to consultation with the Department of Community, Trade, and Economic Development and advice from the Washington State Job Training Coordinating Council.

A Business and Occupation (B&O) tax credit is provided to businesses that make a contribution to a local Youthbuilt program. The tax credit is equal to 90 percent of the value of the contribution. All contributions must be approved jointly by the Department of Revenue and Employment Security Department prior to claiming the credit. No more than \$2 million in tax credits, on a state-wide basis, may be awarded in a calender year.

**Appropriation:** \$1 million from the general fund to the Employment Security Department for the fiscal year ending June 30, 2000. \$1 million from the general fund to the Employment Security Department for the fiscal year ending June 30, 2001.

**Fiscal Note:** Requested 19, 1999.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.