

SENATE BILL REPORT

SB 6321

As of January 31, 2000

Title: An act relating to economic development by improving the skills and productivity of Washington workers.

Brief Description: Promoting economic development in Washington by increasing the skills and productivity of workers.

Sponsors: Senators Prentice, Hale, Bauer, Costa, Swecker, Winsley, B. Sheldon, T. Sheldon, Gardner, Oke and Rasmussen; by request of Governor Locke.

Brief History:

Committee Activity: Labor & Workforce Development: 1/24/2000.

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Staff: Jack Brummel (786-7428)

Background: According to a survey by the Workforce and Education Coordinating Board, 60,000 Washington employers (64 percent of all employers in the state) had difficulty finding qualified job applicants during the past year. Seventy-four percent of these firms said it lowered their productivity, 67 percent said it reduced output or sales and 64 percent said it reduced product or service quality.

The Legislative Committee on Economic Development, in its 1999 report to the Legislature, concluded that the availability of a skilled workforce is the top-rated economic and business challenge facing the state.

Summary of Bill: The Workforce Training and Education Coordinating Board must create a Skills Gap Program to create partnerships between business, labor and training providers to identify and meet training needs through use of skill standards, customized training and on-the-job training.

A tax credit is allowed against the state's business and occupation tax (B&O) of 50 percent of expenditures made to upgrade the skills of any employer's work force. The credit is limited annually to \$5,000 per employee, \$100,000 per employer, and is capped at \$1 million per fiscal year. Businesses must have entered into a training contract with a training institution to be eligible. Priority in receiving the credit is given to those businesses participating in partnerships formed under the Skills Gap Program.

The Workforce Board is to review the impact and effectiveness of the credit against the B&O tax. The Skills Gap Program and the training tax credit are terminated June 30, 2003.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 2000.