

SENATE BILL REPORT

SB 6610

As Reported By Senate Committee On:
Labor & Workforce Development, February 3, 2000

Title: An act relating to the job training services credit.

Brief Description: Modifying the credit for employers providing job training services.

Sponsors: Senators Wojahn, Oke, Kline, Hochstatter, Fairley and Franklin.

Brief History:

Committee Activity: Labor & Workforce Development: 1/24/2000, 2/3/2000 [DPS].

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6610 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Hochstatter, Kline, Oke and Wojahn.

Staff: Jill Reinmuth (786-7452)

Background: Washington's major business tax is the business and occupation (B&O) tax. It is imposed on the gross receipts of business activities within the state.

In 1996, the Legislature authorized a new B&O tax credit for job training. The tax credit is available for job-related training provided at no charge to employees and approved by the Employment Security Department. The tax credit is available to manufacturing, research and development, and computer service businesses located in distressed areas. The tax credit is equal to 20 percent of the value of the job training not to exceed \$5,000 per business per year.

Summary of Substitute Bill: The conditions related to types and locations of businesses are eliminated. A condition related to investments in job training is added. The tax credit is made available to any business in Washington that increases the amount spent on training by at least 15 percent over the previous year.

The amount of the tax credit is changed. The tax credit is equal to 50 percent of the increase in the value of the job training not to exceed \$5,000 per business per year.

The tax credit is available for training that takes place on or after January 1, 2000.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Broadening eligibility for the job training tax credit is good. Changing the amount of the tax credit from 20 percent of the total investment to 50 percent of the increased investment sends a confusing message.

Testimony Against: None.

Testified: Rick Slunaker, Associated General Contractors (pro with concerns).