
SENATE BILL 5014

State of Washington

56th Legislature

1999 Regular Session

By Senators Kohl-Welles, Long, Hargrove, Patterson, Thibaudeau, Franklin, Goings, Kline, Winsley, Eide, Brown, Rasmussen and Costa

Read first time 01/11/1999. Referred to Committee on Labor & Workforce Development.

1 AN ACT Relating to economic incentives for employer-sponsored child
2 care benefits; adding a new chapter to Title 82 RCW; and providing an
3 effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes that care of
6 children is the primary responsibility of parents. How that care is
7 provided and by whom is of paramount importance to parents whose
8 employment needs make it impossible for them to provide care to their
9 own children during their work hours.

10 The legislature also recognizes that making high-quality child-care
11 services more affordable throughout the state can benefit employers and
12 families and that many employers would be able to improve their work
13 force and competitiveness by expanding the pool of available workers.
14 The legislature intends to facilitate this through providing tax
15 credits for employer-sponsored child-care facilities and services, with
16 a target of small and medium-sized businesses.

17 The legislature further finds that an increase in affordable high-
18 quality child care presents an opportunity for ensuring healthier and

1 safer environments for children and increases in children's educational
2 growth opportunities.

3 Couples who choose to have one parent stay home and provide care to
4 their children and forgo receiving two incomes should not experience
5 tax penalties. The legislature finds that any public policy that
6 transfers income in the forms of benefits or tax credits to parents who
7 choose employer-sponsored care for their children must be considered
8 carefully for its implications on the work force as well as on the
9 well-being of families.

10 This act is intended to modify the state's tax and child-care
11 policies by allowing a credit against the tax liability of an employer
12 who voluntarily participates in expansion of workplace child care and
13 provide incentives to the private sector to:

- 14 (1) Promote growth of employment opportunities;
- 15 (2) Assist employees in obtaining affordable high-quality child
16 care;
- 17 (3) Increase opportunities for children to obtain early education
18 and social skills; and
- 19 (4) Reduce public assistance caseloads.

20 NEW SECTION. **Sec. 2.** (1) A tax credit is authorized equal to
21 twenty-five percent of the amounts expended for: (a) Constructing,
22 repairing, or improving new or existing buildings or other structures
23 used as an on-site child care facility for employees within the state;
24 (b) operating expenditures made in providing child care in an on-site
25 facility for employees within the state; (c) purchasing of child-care
26 services within the state for employees from other child care
27 providers; and (d) payments made on behalf of an employee under a
28 dependent care assistance program pursuant to the internal revenue
29 code, 26 U.S.C. Sec. 129, to the extent the amounts are used to provide
30 child care services within the state for a dependent of the employee.

31 (2) This section shall not apply to expenditures that are
32 reimbursed by the employee or any third party.

33 NEW SECTION. **Sec. 3.** (1)(a) The credit under section 2 of this
34 act may be applied to taxes under chapter 82.04 or 82.16 RCW. A person
35 may not receive a credit for the same expenditures under both chapters
36 82.04 and 82.16 RCW. The credit shall be taken against taxes due for
37 the same calendar year in which the amounts were paid. The credit must

1 be claimed by the due date of the last tax return for the calendar year
2 in which the payment is made.

3 (b) The annual credit claimed by any person under this section
4 shall not exceed the lesser of the tax otherwise due under this chapter
5 during the same calendar year or two hundred thousand dollars.

6 (c) No portion of an application for credit under this section may
7 be carried back or carried forward to a different calendar year.

8 (2) The taxpayer shall repay all taxes not paid because of the
9 credit granted under section 2(1)(a) of this act plus applicable
10 interest under RCW 82.32.050, but not penalties, computed from the time
11 the taxes would have been paid until the date of payment if the
12 taxpayer changes the use of the child care facility less than ten years
13 after the facility is built. This subsection does not apply if: (a)
14 The business ceases operation; (b) the business no longer has employees
15 who wish to utilize the child care facility; or (c) the child care
16 facility is replaced with a child care facility of equal or greater
17 capacity for which no credit was taken under section 2(1)(a) of this
18 act.

19 (3) A credit is only allowed under this section for operating
20 expenditures attributable to, or other amounts expended for, employees
21 whose total compensation paid by the employer, figured on a full-time
22 equivalent basis, is less than three times the amount listed in the
23 federal register, each year, for the poverty guideline for a family of
24 three living within the forty-eight contiguous states of the United
25 States.

26 NEW SECTION. **Sec. 4.** Two or more entities that pay tax under
27 chapter 82.04 or 82.16 RCW may jointly receive the credit available
28 under section 2 of this act under the following circumstances:

29 (1) An on-site facility is jointly owned or operated by the
30 entities or the contract for provision of child care services is
31 jointly executed by the entities with the same provider of child care;

32 (2) The conditions in section 3(1) of this act shall apply to the
33 construction and operation or purchase of child care services;

34 (3) The percentage of the credit for construction of an on-site
35 facility available to each entity shall be equal to the percentage of
36 ownership interest each entity has in the facility;

37 (4) The percentage of the annual credit available to each entity
38 for operating an on-site facility, or for the provision of child care

1 services, shall be equal to the percentage of the operating or
2 provision expenditures made by each entity; and

3 (5) The entities share common areas of real property including but
4 not limited to walls, hallways, and parking or occupy the same parcel
5 of land for property tax purposes.

6 NEW SECTION. **Sec. 5.** The department in cooperation with the child
7 care coordinating committee shall report to the governor and
8 legislature by December 1 of each year the number of employers who
9 receive the credits provided under sections 2 through 4 of this act and
10 the number of employees for whom the credit has been given, including
11 the amount of the credits granted.

12 NEW SECTION. **Sec. 6.** The credits allowed under section 2 of this
13 act are available only if the child care meets all the state and local
14 requirements regarding the provision of child care, including licensing
15 and operating the child care facility.

16 NEW SECTION. **Sec. 7.** The department shall adopt rules to
17 administer this chapter.

18 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute
19 a new chapter in Title 82 RCW.

20 NEW SECTION. **Sec. 9.** This act takes effect January 1, 2000.

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