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SENATE BILL 6321

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State of Washington

56th Legislature

2000 Regular Session

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

Read first time 01/13/2000. Referred to Committee on Labor & Workforce Development.

1 AN ACT Relating to economic development by improving the skills and  
2 productivity of Washington workers; adding new sections to chapter  
3 28C.18 RCW; adding a new section to chapter 82.04 RCW; adding a new  
4 section to chapter 82.16 RCW; providing an effective date; and  
5 providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 28C.18 RCW  
8 to read as follows:

9 The board shall create a skills gap program for the purpose of  
10 promoting economic development in Washington state by increasing the  
11 skills and productivity of Washington workers. The program shall be  
12 used to create partnerships with business, labor, and the work force  
13 employment and training system to close the skills gap in Washington  
14 state. The grants shall be used to:

15 (1) Create partnerships with businesses, labor organizations, and  
16 industry associations that share common occupations for the purpose of  
17 determining their future employment and training needs;

1 (2) Bring together community colleges and other employment and  
2 training providers to develop the programs that meet the employment and  
3 training needs defined by the above industry partnerships;

4 (3) Expand the use of skills standards and customized training  
5 designed to meet the specific needs of business;

6 (4) Upgrade the skills of existing workers; and

7 (5) Support increased use of on-the-job learning strategies among  
8 small and medium-sized enterprises.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW  
10 to read as follows:

11 (1) A person whose application has been approved by the department  
12 under this section may take a credit against the tax imposed by this  
13 chapter, subject to the limitations in this section.

14 (2)(a) The credit under this section is equal to fifty percent of  
15 work force training payments. A person may not receive credit for work  
16 force training payments over five thousand dollars per employee per  
17 calendar year. A person is not eligible to receive a total credit in  
18 excess of one hundred thousand dollars for each calendar year.

19 (b) As a precondition to approval by the department under  
20 subsection (4) of this section, the person must have entered into a  
21 training contract with a public or private accredited training  
22 institution. The work force training and education coordinating board  
23 shall provide a list of accredited institutions to interested persons  
24 and to the department.

25 (c) Training credits are limited to expenditures made to upgrade  
26 the skills of the employer's existing work force.

27 (3) For the purposes of this section:

28 (a) "Employer" means the same as "person" as defined in RCW  
29 82.04.030; and

30 (b) "Work force training payments" means the direct payments for  
31 employees in job classes covered by the federal fair labor standards  
32 act and made under a contract with a public or private accredited  
33 training institution for technical or skill training, including basic  
34 skills. The term includes amounts in the contract for instruction,  
35 materials, equipment, rental of class space, marketing, and overhead.  
36 "Work force training payments" do not include employee tuition  
37 reimbursements, unless the tuition reimbursement is specifically  
38 included in a contract under subsection (2)(b) of this section.

1 (4) Application for credits under this section shall be made to the  
2 department in a form and manner prescribed by the department. The  
3 application shall include an affidavit form regarding the person's  
4 compliance with this section. The department shall approve or deny an  
5 application for credits using the criteria under this section. The  
6 department shall require the person receiving approval to keep any  
7 records necessary for the department to verify eligibility under this  
8 section. A person shall apply for the credit after making a payment.  
9 Tax credit applications shall not be approved for work force training  
10 payments that occurred before the effective date of this act.

11 (5) Employers participating in the partnerships defined in section  
12 1 of this act shall apply for the tax credit upon receiving the grants  
13 described in section 1 of this act. Any funds remaining after those  
14 tax credits are granted shall be available to other employers on a  
15 first-come basis, with priority based on the date and time the  
16 application is received by the department. The total amount of credits  
17 granted under this section and section 3 of this act shall be no more  
18 than one million dollars each fiscal year. If the amount submitted for  
19 a credit will cause the cap to be exceeded, the department shall give  
20 a partial approval of the application, equal to the amount of remaining  
21 credit available for the fiscal year.

22 (6) If an employer has tax credits in excess of the amount of tax  
23 that would otherwise be due under this chapter, they may carry forward  
24 the tax credit for up to five years. Refunds shall not be given in  
25 place of credits.

26 (7) If a person has used a payment to obtain a credit against tax  
27 due under chapter 82.16 RCW, the person may not use the same payment  
28 credit for tax due under this chapter.

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

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16 RCW  
32 to read as follows:

33 The tax credit program under section 2 of this act is available to  
34 persons for taxes due under this chapter. If a person has used a  
35 payment to obtain a credit against taxes due under chapter 82.04 RCW,  
36 the person may not use the same payment for tax due under this chapter.  
37 A person who takes credits under RCW 82.04.4333 may not take a credit  
38 under this section for the same training.

1        NEW SECTION.   **Sec. 4.**   A new section is added to chapter 28C.18 RCW  
2 to read as follows:

3        The board shall review the impact of tax credits provided under  
4 sections 2 and 3 of this act by September 1, 2002, and report to the  
5 legislature as to its effectiveness in expanding the amount of  
6 incumbent worker training in Washington state.

7        NEW SECTION.   **Sec. 5.**   This act takes effect July 1, 2000.

8        NEW SECTION.   **Sec. 6.**   This act expires June 30, 2003.

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