

# SENATE BILL REPORT

## SB 6644

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 6, 2002

**Title:** An act relating to tax credits against the business and occupation tax for employment of persons in the WorkFirst program.

**Brief Description:** Authorizing tax credits for employers employing persons participating in the WorkFirst program.

**Sponsors:** Senators Hochstatter, Swecker, Stevens, Honeyford, Morton, Hewitt, Sheahan, Deccio, Prentice, Gardner and Oke.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/4/02, 2/6/02.  
[DPS-WM]

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 6644 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Benton, Fairley, Franklin, Gardner, Honeyford, Rasmussen, Regala, West and Winsley.

**Staff:** Kim Johnson (786-7486)

**Background:** In 1996, federal law abolished welfare as an entitlement, and replaced it with a program called Temporary Assistance to Needy Families that limits benefits to five years in an adult's lifetime. The following year, the Washington State Legislature created the WorkFirst program, Washington's own welfare reform program, which was designed to comply with the new federal requirements.

WorkFirst provides services to help people find jobs, keep those jobs, and progress up the career ladder. These services include help with child care, transportation, training in how to look for work and succeed on the job, and other assistance tailored to the individual needs of the participant.

**Summary of Substitute Bill:** A business and occupation tax credit is authorized for an employer whose employee was participating in the WorkFirst Program on the date that the employee was hired. The credit is equal to 10 percent of the wages paid to the employee during the first six months of employment.

The credit is applied to the taxes due for the same calendar year in which the wages were paid.

If a person has received a credit under this program, then they may not receive a credit for the same employee under another business and occupation tax credit program.

The credit may not be carried forwards or backwards.

**Substitute Bill Compared to Original Bill:** The substitute bill prevents a person from taking both the WorkFirst B&O tax credit for an employee and another B&O tax credit for the same employee.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This is a positive use of a tax credit. Typically WorkFirst workers have a smaller skill base and cost more for an employer to train. This bill would help to alleviate the employer's additional costs for training.

**Testimony Against:** None.

**Testified:** Gary Smith, IBA (pro).