

2SSB 6326 - H AMD 1129

By Representative Chandler

FAILED 3/4/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter
4 28B.50 RCW to read as follows:

5 The legislature finds that the provision of customized training
6 is critical to attracting and retaining businesses, and that the
7 growth of many businesses is limited by an unmet need for
8 customized training. The legislature also finds that work force
9 training not only helps business, it also improves the quality of
10 life for workers and communities. Because of the statewide public
11 benefit to be gained from instituting a customized training
12 program, the legislature intends to promote work force training in
13 a manner that reduces the costs of training to new and expanding
14 firms.

15
16 NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.50
17 RCW to read as follows:

18 (1) The board shall assist in matching participating employers
19 with qualified training institutions for purposes of providing
20 customized training.

21 (2) For purposes of sections 2 and 3 of this act, qualified
22 training institutions may enter into agreements with four-year
23 institutions of higher education, as defined in RCW 28B.10.016, in
24 accordance with the interlocal cooperation act, chapter 39.34 RCW.

25 (3) The board may adopt rules to implement this section.

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04
27 RCW to read as follows:

28 (1) A participating employer may take a credit against the tax
29 imposed by this chapter if the number of employees a participating
30 employer has in the state during the calendar year following the

1 completion of the customized training program equals the number of
2 employees the participating employer had in the state in the
3 calendar year preceding the start of the customized training
4 program plus at least seventy-five percent of the number of trainees.

5 (2) The credit under this section is equal to twenty percent
6 of the amount of customized training costs, up to a maximum of two
7 hundred thousand dollars per employer per calendar year.

8 (3)(a) The credit may not be used to train workers who have
9 been hired as a result of a strike or lockout.

10 (b) A credit may not be claimed under this section with respect
11 to the value of job training services for which credit is claimed
12 under RCW 82.04.4333.

13 (4) Credits are available on a first in-time basis. The
14 department shall disallow any credits, or portion thereof, that
15 would cause the total amount of credits claimed under this section
16 during any calendar year to exceed one million dollars. If this
17 limitation is reached, the department shall notify the board, the
18 work force training and education coordinating board, and the
19 higher education coordinating board that the annual statewide limit
20 has been met. In addition, the department shall provide written
21 notice to any person who has claimed tax credits in excess of the
22 one million dollar limitation in this subsection. The notice shall
23 indicate the amount of tax due and shall provide that the tax be
24 paid within thirty days from the date of such notice. The
25 department shall not assess penalties and interest as provided in
26 chapter 82.32 RCW on the amount due in the initial notice if the
27 amount due is paid by the due date specified in the notice, or any
28 extension thereof.

29 (5) Any amount of tax credit otherwise allowable under this
30 section not claimed by the person in any calendar year may be
31 carried over and claimed against the person's tax liability until
32 used.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04
34 RCW to read as follows:

35 The definitions in this section apply to sections 2 and 3 of
36 this act unless the context clearly requires otherwise.

37 (1) "Board" means the state board for community and technical
38 colleges.

1 (2) "Participating employer" means a private employer that
2 undertakes a training program with a qualified training institution
3 under section 2 of this act.

4 (3) "Qualified training institution" means a public community
5 or technical college or a private vocational school licensed by
6 either the work force training and education coordinating board or
7 the higher education coordinating board.

8 (4) "Customized training costs" means the direct costs
9 experienced under a contract with a qualified training institution
10 for formal technical or skill training, including basic skills.
11 "Customized training costs" includes amounts in the contract for
12 costs of instruction, materials, equipment, rental of class space,
13 marketing, and overhead. "Customized training costs" does not
14 include employee tuition reimbursements.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.32
16 RCW to read as follows:

17 (1) The department shall study the tax credit authorized in
18 section 3 of this act. The department shall submit a report to the
19 finance committee of the house of representatives and the ways and
20 means committee of the senate by December 1, 2015. The report shall
21 measure the effect of the credit on job creation, job retention,
22 company growth, the movement of firms or the consolidation of
23 firms' operations into the state, and such other factors as the
24 department selects.

25
26 **Sec. 6.** RCW 82.04.4333 and 1996 c 1 s 4 are each amended to
27 read as follows:

28 (1) There may be credited against the tax imposed by this
29 chapter, the value of state-approved, employer-provided or
30 sponsored job training services designed to enhance the job-related
31 performance of employees, for those businesses eligible for a tax
32 deferral under chapter 82.60 RCW.

33 (2) The value of the state-approved, job training services
34 provided by the employer to the employee, without charge, shall be
35 determined by the allocation of the cost method using generally
36 accepted accounting standards.

1 (3) The credit allowed under this section shall be limited to
2 an amount equal to twenty percent of the value of the state-
3 approved, job training services determined under subsection (2) of
4 this section. The total credits allowed under this section for a
5 business shall not exceed five thousand dollars per calendar year.

6 (4) Prior to claiming the credit under this section, the
7 business must obtain approval of the proposed job training service
8 from the employment security department. The employer's request
9 for approval must include a description of the proposed job
10 training service, how the job training will enhance the employee's
11 performance, and the cost of the proposed job training.

12 (5) This section only applies to training in respect to
13 eligible business projects for which an application is approved on
14 or after January 1, 1996.

15 (6) A credit may not be claimed under this section with respect
16 to the amount of customized training costs for which credit is
17 claimed under section 3 of this act.

18 NEW SECTION. Sec. 7. Section 3 of this act takes effect July
19 1, 2006.

20 NEW SECTION. Sec. 8. Section 3 of this act expires July 1,
21 2016."

22 Correct the title.

EFFECT:

- Removes the provisions of the bill that created a revolving loan program for purposes of providing customized employment training. Removes the \$5 million appropriation from the GFS. Eliminates the creation of an account to receive and expend loan proceeds.
- Replaces the loan program with a tax credit under which participating employers may receive a B&O tax credit of 20% of customized training costs, up to a maximum of \$200,000 per employer per calendar year, subject to certain criteria regarding the number of employees employed by the employer.
- Limits the amount of tax credit that may be claimed to \$1.0 million annually.
- Disallows credit under the program if credit is claimed for the same training services under the existing B&O jobs training credit, and vice versa.

- Directs the SBCTC to assist in matching employers to training programs.
- Requires the Department of Revenue to report to the Legislature in December 2015 regarding job creation and related information.
- The tax credit expires July 1, 2016.