
HOUSE BILL 2032

State of Washington 59th Legislature 2005 Regular Session

By Representatives Linville, Anderson, Morris, Kilmer and Chase

Read first time 02/15/2005. Referred to Committee on Finance.

1 AN ACT Relating to economic development tax credits for employee
2 training; adding a new section to chapter 82.04 RCW; adding a new
3 section to chapter 82.16 RCW; providing an effective date; and
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) A person whose application has been approved by the department
9 under this section may take a credit against tax imposed by this
10 chapter, subject to the limitations in this section. The credit under
11 this program is only available to persons with five hundred or fewer
12 employees in the state.

13 (2)(a) The credit under this section is equal to sixty percent of
14 the amount of qualifying costs made in rural counties, as defined in
15 RCW 82.14.370, or forty percent of the amount of qualifying costs made
16 in nonrural counties. A person shall not receive credit for more than
17 five thousand dollars for qualifying costs per employee per calendar
18 year. A person shall not receive total credits over two hundred fifty

1 thousand dollars per calendar year. A person may only receive credit
2 for amounts expended on job classes covered by the minimum wage
3 provisions of the federal fair labor standards act.

4 (b) As preconditions to approval by the department under subsection
5 (4) of this section, the person must:

6 (i) Have entered into a training contract with a qualified training
7 institution; and

8 (ii) Show that the training costs during the year for which a
9 credit is requested exceed the person's average annual training
10 expenditures over the past three years on the job classes covered by
11 the minimum wage provisions of the federal fair labor standards act.

12 (3) Training contracts must be for the training of at least five
13 employees. If an employer does not have five employees to train, the
14 person may coordinate with other employers who have identical training
15 needs to create groups to meet the five person threshold.

16 (4) Application for credits under this section shall be made to the
17 department in a form and manner as required by the department. The
18 application shall include a statement affirming the person's compliance
19 with this section. The department shall approve or deny application
20 for credits using the criteria under this section. The department
21 shall require the person receiving approval to keep records necessary
22 for the department to verify eligibility under this section. A person
23 shall apply for the credit after making an expenditure. Tax credit
24 applications shall not be approved for expenditures that occurred
25 before the effective date of this act.

26 (5) Tax credits are available on a first-come basis, with priority
27 based on the date and time the application is received by the
28 department. The total of credits granted under this section and
29 section 2 of this act shall be no more than ten million dollars per
30 biennium. The department shall keep a running total of all credits
31 approved. If the amount submitted for a credit will cause the cap to
32 be exceeded, the department shall give a partial approval of the
33 application, equal to the amount of remaining credit available for the
34 fiscal year.

35 (6) No person is eligible for tax credits under this section in
36 excess of the amount of tax that would otherwise be due under this
37 chapter. Approved credit may not be carried over to subsequent

1 calendar years. The credit must be claimed by the due date of the last
2 tax return for the calendar year in which the payment is made. Any
3 unused credit expires. Refunds shall not be given in place of credits.

4 (7) If a person has used a credit granted under this section
5 against tax due under chapter 82.16 RCW the person may not use the same
6 credit for tax due under this chapter.

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

9 (9) For the purposes of this section, the following definitions
10 apply:

11 (a) "Employer" means the same as "person";

12 (b) "Qualifying costs" means those employee training expenditures
13 which exceed the employer's average annual employee training
14 expenditures over the previous three calendar years and are direct
15 payments made under a contract with a qualified training institution
16 for formal technical or skill training, including work force and basic
17 skill training. The term includes amounts in the contract for costs of
18 instruction, materials, equipment, rental of class space, and overhead.
19 "Qualifying costs" do not include employee tuition reimbursements
20 unless the tuition reimbursement is specifically included in a contract
21 under subsection (2)(b) of this section;

22 (c) "Employee" means a person working in a job class covered by the
23 minimum wage provisions of the federal fair labor standards act;

24 (d) "Qualified training institution" means a public community or
25 technical college, or a private vocational school licensed by either
26 the work force training and education coordinating board or the higher
27 education coordinating board.

28 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
29 to read as follows:

30 The tax credit program under section 1 of this act is available to
31 persons for tax due under this chapter. If a person has used a credit
32 granted under this section against tax due under chapter 82.04 RCW, the
33 person may not use the same credit for tax due under this chapter. A
34 person who takes credits under RCW 82.04.4333 may not take a credit
35 under this section for the same training.

1 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 July 1, 2005.

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