

# SENATE BILL REPORT

## SB 6371

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As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, January 26, 2012  
Ways & Means, February 7, 2012

**Title:** An act relating to extending the customized employment training program.

**Brief Description:** Extending the customized employment training program.

**Sponsors:** Senators Shin, Benton, Chase, Haugen, Kilmer, Delvin, Hatfield, Schoesler, Becker, McAuliffe and Conway.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 1/23/12, 1/26/12 [DP].  
Ways & Means: 2/01/12, 2/07/12 [DPS].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** Do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Ericksen, Hatfield, Holmquist Newbry, Kilmer, Shin and Zarelli.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6371 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Padden, Pridemore, Regala, Schoesler and Tom.

**Staff:** Dean Carlson (786-7305)

**Background:** The Washington Customized Employment Workforce Training Program (Program) was created in 2006 for employers locating or expanding in the state. The State Board for Community and Technical Colleges (SBCTC) administers the Program. Training allowances are awarded to employers who have entered into training agreements with

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colleges in the state. Preference in granting training allowances is given to employers with fewer than 50 employees.

The Employment Training Finance Account was funded for SBCTC to provide training allowances. At the completion of training, employers are required to pay one-quarter of the cost of the training into the account. The additional three-quarters of the cost are to be paid into the account over the following 18 months. A business and occupation tax credit is provided to employers for half of the amount that they pay into the account for employee training. The credit for paying back the training allowance is no longer allowed on or after July 1, 2016.

The employer must make good faith efforts to hire from trainees in the Program, otherwise the employer is expected to make additional payments to the account. Colleges must make good faith efforts to use trainers preferred by employers participating in the Program.

The Program expires on July 1, 2012.

**Summary of Bill (Recommended Substitute):** The expiration date of the Washington Customized Employment Workforce Training Program is extended five years to 2017. The expiration date of the business and occupation tax credit is extended five years to 2021.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** The expiration date of the Washington Customized Employment Workforce Training Program is extended five years to 2017. The expiration date of the business and occupation tax credit is extended five years to 2021.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony (Economic Development, Trade & Innovation):** PRO: Customized training is one of the most important economic development tool a state can have. About 45 states spend more, on a per capita basis, than Washington. If we were average among states, we would be spending tens of millions of dollars on customized training. The revolving fund has a little over \$300,000 for the biennium. Many companies have used this program to train employees. This is an excellent program that lessens the burden on employers paying for training. This will allow the SBCTC to continue providing high quality training. Over 30 employers and 900 trainees have benefitted through this revolving fund. This keeps manufacturing here in Washington and builds partnerships between colleges and businesses.

**Persons Testifying (Economic Development, Trade & Innovation):** PRO: Senator Shin, prime sponsor; Kathy Goebel, SBCTC; Bob Knight, Clark College; Bryan Wilson, Workforce Training and Education Coordinating Board (WTECB).

**Staff Summary of Public Testimony on Original Bill (Ways & Means):** PRO: At a time when we have been outsourcing jobs, this creates a program that will help to in-source jobs to the state. This program has brought companies to this state. In a time like this, we need to invite business to the state. There is over \$300,000 in the revolving fund now. It was a one-time expenditure. In the last six months there have been six businesses training over 200 employees. These businesses are going to hire 140 more. These are family-wage jobs. For little investment we get a lot of reward. Customized training programs are one of the most important ways the state can support economic development. We currently spend less than 45 states.

**Persons Testifying (Ways & Means):** PRO: Senator Shin, Prime Sponsor; Kathy Goebel, SBCTC; Sonja Hallum, WTECB.