

SSB 6049 - S AMD 440

By Senators O'Ban, Hill

ADOPTED 03/04/2014

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

3 "NEW SECTION. **Sec. 1.** This section is the tax preference
4 performance statement for the tax preference contained in sections 2
5 and 3 of this act. This performance statement is only intended to be
6 used for subsequent evaluation of the tax preference. It is not
7 intended to create a private right of action by any party or be used to
8 determine eligibility for preferential tax treatment.

9 (1) The legislature categorizes this tax preference as one intended
10 to induce certain designated behavior by taxpayers and create or retain
11 jobs, as indicated in RCW 82.32.808(2) (a) and (c).

12 (2) It is the legislature's specific public policy objective to
13 provide employment for unemployed veterans. It is the legislature's
14 intent to provide employers a credit against the business and
15 occupation tax or public utility tax for hiring unemployed veterans
16 which would reduce an employer's tax burden thereby inducing employers
17 to hire and create jobs for unemployed veterans. Pursuant to chapter
18 43.136 RCW, the joint legislative audit and review committee must
19 review the business and occupation tax and public utility tax credit
20 established under sections 2 and 3 of this act by December 31, 2021.

21 (3) If a review finds that the number of unemployed veterans
22 decreased by thirty percent, then the legislature intends for the
23 legislative auditor to recommend extending the expiration date of the
24 tax preference.

25 (4) In order to obtain the data necessary to perform the review in
26 subsection (3) of this section, the joint legislative audit and review
27 committee should refer to the veteran unemployment rates available from
28 the employment security department and the bureau of labor statistics.

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

3 (1) A person is allowed a credit against the tax due under this
4 chapter as provided in this section. The credit equals twenty percent
5 of wages and benefits paid up to a maximum of one thousand five hundred
6 dollars for each qualified employee hired on or after October 1, 2015.

7 (2) No credit may be claimed under this section until a qualified
8 employee has been employed for at least two consecutive full calendar
9 quarters.

10 (3) Credits are available on a first-in-time basis. The department
11 must keep a running total of all credits allowed under this section and
12 section 3 of this act during each fiscal year. The department may not
13 allow any credits that would cause the total credits allowed under this
14 section and section 3 of this act to exceed one million dollars in any
15 fiscal year. If all or part of a claim for credit is disallowed under
16 this subsection, the disallowed portion is carried over to the next
17 fiscal year. However, the carryover into the next fiscal year is only
18 permitted to the extent that the cap for the next fiscal year is not
19 exceeded. Priority must be given to credits carried over from a
20 previous fiscal year. The department must provide written notice to
21 any person who has claimed tax credits in excess of the limitation in
22 this subsection. The notice must indicate the amount of tax due and
23 provide that the tax be paid within thirty days from the date of the
24 notice. The department may not assess penalties and interest as
25 provided in chapter 82.32 RCW on the amount due in the initial notice
26 if the amount due is paid by the due date specified in the notice, or
27 any extension thereof.

28 (4) The credit may be used against any tax due under this chapter,
29 and may be carried over until used, except as provided in subsection
30 (10) of this section. No refunds may be granted for credits under this
31 section.

32 (5) If an employer discharges a qualified employee for whom the
33 employer has claimed a credit under this section, the employer may not
34 claim a new credit under this section for a period of one year from the
35 date the qualified employee was discharged. However, this subsection
36 (5) does not apply if the qualified employee was discharged for
37 misconduct, as defined in RCW 50.04.294, connected with his or her work
38 or discharged due to a felony or gross misdemeanor conviction.

1 (6) Credits earned under this section may be claimed only on
2 returns filed electronically with the department using the department's
3 online tax filing service or other method of electronic reporting as
4 the department may authorize. No application is required to claim the
5 credit, but the taxpayer must keep records necessary for the department
6 to determine eligibility under this section including records
7 establishing the person's status as a veteran and status as unemployed
8 when hired by the taxpayer.

9 (7) No person may claim a credit against taxes due under both
10 chapters 82.04 and 82.16 RCW for the same qualified employee.

11 (8) No employer may claim a credit under this section for a person
12 whom any employer has previously claimed a credit for under this
13 section.

14 (9) The definitions in this subsection apply throughout this
15 section unless the context clearly requires otherwise.

16 (a)(i) "Qualified employee" means an unemployed veteran who is
17 employed in a permanent full-time position for at least two consecutive
18 full calendar quarters. For seasonal employers, "qualified employee"
19 also includes the equivalent of a full-time employee in work hours for
20 two consecutive full calendar quarters.

21 (ii) For purposes of this subsection (9)(a), "full time" means a
22 normal work week of at least thirty-five hours.

23 (b) "Unemployed" means that the veteran was unemployed as defined
24 in RCW 50.04.310 for at least thirty days immediately preceding the
25 date that the veteran was hired by the person claiming credit under
26 this section for hiring the veteran.

27 (c) "Veteran" means every person who has received an honorable
28 discharge or received a discharge for medical reasons with an honorable
29 record or is currently serving honorably, and who has served as a
30 member in any branch of the armed forces of the United States,
31 including the national guard and armed forces reserves.

32 (10) Credits allowed under this section can be earned for tax
33 reporting periods through June 30, 2021. No credits can be claimed
34 after June 30, 2022.

35 (11) This section expires July 1, 2022.

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

1 (1) A person is allowed a credit against the tax due under this
2 chapter as provided in this section. The credit equals twenty percent
3 of wages and benefits paid up to a maximum of one thousand five hundred
4 dollars for each qualified employee hired on or after October 1, 2015.

5 (2) No credit may be claimed under this section until a qualified
6 employee has been employed for at least two consecutive full calendar
7 quarters.

8 (3) Credits are available on a first-in-time basis. The department
9 must keep a running total of all credits allowed under this section and
10 section 2 of this act during each fiscal year. The department may not
11 allow any credits that would cause the total credits allowed under this
12 section and section 2 of this act to exceed one million dollars in any
13 fiscal year. If all or part of a claim for credit is disallowed under
14 this subsection, the disallowed portion is carried over to the next
15 fiscal year. However, the carryover into the next fiscal year is only
16 permitted to the extent that the cap for the next fiscal year is not
17 exceeded. Priority must be given to credits carried over from a
18 previous fiscal year. The department must provide written notice to
19 any person who has claimed tax credits in excess of the limitation in
20 this subsection. The notice must indicate the amount of tax due and
21 provide that the tax be paid within thirty days from the date of the
22 notice. The department may not assess penalties and interest as
23 provided in chapter 82.32 RCW on the amount due in the initial notice
24 if the amount due is paid by the due date specified in the notice, or
25 any extension thereof.

26 (4) The credit may be used against any tax due under this chapter,
27 and may be carried over until used, except as provided in subsection
28 (10) of this section. No refunds may be granted for credits under this
29 section.

30 (5) If an employer discharges a qualified employee for whom the
31 employer has claimed a credit under this section, the employer may not
32 claim a new credit under this section for a period of one year from the
33 date the qualified employee was discharged. However, this subsection
34 (5) does not apply if the qualified employee was discharged for
35 misconduct, as defined in RCW 50.04.294, connected with his or her work
36 or discharged due to a felony or gross misdemeanor conviction.

37 (6) Credits earned under this section may be claimed only on
38 returns filed electronically with the department using the department's

1 online tax filing service or other method of electronic reporting as
2 the department may authorize. No application is required to claim the
3 credit, but the taxpayer must keep records necessary for the department
4 to determine eligibility under this section including records
5 establishing the person's status as a veteran and status as unemployed
6 when hired by the taxpayer.

7 (7) No person may claim a credit against taxes due under both
8 chapters 82.04 and 82.16 RCW for the same qualified employee.

9 (8) No employer may claim a credit under this section for a person
10 whom any employer has previously claimed a credit for under this
11 section.

12 (9) The definitions in this subsection apply throughout this
13 section unless the context clearly requires otherwise.

14 (a)(i) "Qualified employee" means an unemployed veteran who is
15 employed in a permanent full-time position for at least two consecutive
16 full calendar quarters. For seasonal employers, "qualified employee"
17 also includes the equivalent of a full-time employee in work hours for
18 two consecutive full calendar quarters.

19 (ii) For purposes of this subsection (9)(a), "full time" means a
20 normal work week of at least thirty-five hours.

21 (b) "Unemployed" means that the veteran was unemployed as defined
22 in RCW 50.04.310 for at least thirty days immediately preceding the
23 date that the veteran was hired by the person claiming credit under
24 this section for hiring the veteran.

25 (c) "Veteran" means every person who has received an honorable
26 discharge or received a discharge for medical reasons with an honorable
27 record or is currently serving honorably, and who has served as a
28 member in any branch of the armed forces of the United States,
29 including the national guard and armed forces reserves.

30 (10) Credits allowed under this section can be earned for tax
31 reporting periods through June 30, 2021. No credits can be claimed
32 after June 30, 2022.

33 (11) This section expires July 1, 2022.

34 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2015."

SSB 6049 - S AMD

By Senators O'Ban, Hill

ADOPTED 03/04/2014

1 On page 1, beginning on line 2 of the title, after "veterans;"
2 strike the remainder of the title and insert "adding a new section to
3 chapter 82.04 RCW; adding a new section to chapter 82.16 RCW; creating
4 a new section; providing an effective date; and providing expiration
5 dates."

EFFECT: Moves the effective date, expiration date, JLARC review date, and tax reporting period up by one year. Specifies that the credit can be claimed for employees hired on or after October 1, 2015.

--- END ---