
ENGROSSED SUBSTITUTE SENATE BILL 6049

State of Washington

63rd Legislature

2014 Regular Session

By Senate Ways & Means (originally sponsored by Senators O'Ban, Angel, Baumgartner, Benton, Brown, Rolfes, Rivers, Bailey, King, Padden, Becker, Honeyford, Roach, Sheldon, Dammeier, Parlette, and Conway)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to providing a business and occupation tax credit
2 for businesses that hire veterans; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.16 RCW; creating a new
4 section; providing an effective date; and providing expiration dates.

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

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

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

15 (2) It is the legislature's specific public policy objective to
16 provide employment for unemployed veterans. It is the legislature's
17 intent to provide employers a credit against the business and
18 occupation tax or public utility tax for hiring unemployed veterans
19 which would reduce an employer's tax burden thereby inducing employers

1 to hire and create jobs for unemployed veterans. Pursuant to chapter
2 43.136 RCW, the joint legislative audit and review committee must
3 review the business and occupation tax and public utility tax credit
4 established under sections 2 and 3 of this act by December 31, 2021.

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

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

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

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

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

22 (3) Credits are available on a first-in-time basis. The department
23 must keep a running total of all credits allowed under this section and
24 section 3 of this act during each fiscal year. The department may not
25 allow any credits that would cause the total credits allowed under this
26 section and section 3 of this act to exceed one million dollars in any
27 fiscal year. If all or part of a claim for credit is disallowed under
28 this subsection, the disallowed portion is carried over to the next
29 fiscal year. However, the carryover into the next fiscal year is only
30 permitted to the extent that the cap for the next fiscal year is not
31 exceeded. Priority must be given to credits carried over from a
32 previous fiscal year. The department must provide written notice to
33 any person who has claimed tax credits in excess of the limitation in
34 this subsection. The notice must indicate the amount of tax due and
35 provide that the tax be paid within thirty days from the date of the
36 notice. The department may not assess penalties and interest as

1 provided in chapter 82.32 RCW on the amount due in the initial notice
2 if the amount due is paid by the due date specified in the notice, or
3 any extension thereof.

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

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

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

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

25 (8) No employer may claim a credit under this section for a person
26 whom any employer has previously claimed a credit for under this
27 section.

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

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

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

37 (b) "Unemployed" means that the veteran was unemployed as defined

1 in RCW 50.04.310 for at least thirty days immediately preceding the
2 date that the veteran was hired by the person claiming credit under
3 this section for hiring the veteran.

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

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

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

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

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

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

22 (3) Credits are available on a first-in-time basis. The department
23 must keep a running total of all credits allowed under this section and
24 section 2 of this act during each fiscal year. The department may not
25 allow any credits that would cause the total credits allowed under this
26 section and section 2 of this act to exceed one million dollars in any
27 fiscal year. If all or part of a claim for credit is disallowed under
28 this subsection, the disallowed portion is carried over to the next
29 fiscal year. However, the carryover into the next fiscal year is only
30 permitted to the extent that the cap for the next fiscal year is not
31 exceeded. Priority must be given to credits carried over from a
32 previous fiscal year. The department must provide written notice to
33 any person who has claimed tax credits in excess of the limitation in
34 this subsection. The notice must indicate the amount of tax due and
35 provide that the tax be paid within thirty days from the date of the
36 notice. The department may not assess penalties and interest as

1 provided in chapter 82.32 RCW on the amount due in the initial notice
2 if the amount due is paid by the due date specified in the notice, or
3 any extension thereof.

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

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

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

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

25 (8) No employer may claim a credit under this section for a person
26 whom any employer has previously claimed a credit for under this
27 section.

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

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

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

37 (b) "Unemployed" means that the veteran was unemployed as defined

1 in RCW 50.04.310 for at least thirty days immediately preceding the
2 date that the veteran was hired by the person claiming credit under
3 this section for hiring the veteran.

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

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

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

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

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