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SENATE BILL 6182

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State of Washington

63rd Legislature

2014 Regular Session

By Senators Braun, Bailey, Angel, Roach, Becker, Benton, Dammeier, Brown, Sheldon, Honeyford, O'Ban, Rivers, Schoesler, Tom, and Fain

Read first time 01/16/14. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to establishing a tax credit for employers  
2 participating in the apprenticeship program; adding new sections to  
3 chapter 82.04 RCW; adding a new section to chapter 28C.18 RCW; and  
4 providing an effective date.

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 This section is the tax preference performance statement for the  
9 tax preference contained in section 2 of this act. This performance  
10 statement is only intended to be used for subsequent evaluation of the  
11 tax preference. It is not intended to create a private right of action  
12 by any party or be used to determine eligibility for preferential tax  
13 treatment.

14 (1) The legislature categorizes this tax preference as one intended  
15 to create or retain jobs, and to provide an incentive to employers to  
16 increase the number and type of apprenticeship participants and  
17 programs, as indicated in RCW 82.32.808(2) (c) and (f).

18 (2) It is the legislature's specific public policy objective to  
19 increase the number and types of apprenticeship participants and

1 programs in Washington state. It is the legislature's intent to offer  
2 a business and occupation tax credit for employers participating in the  
3 apprenticeship program, thereby inducing some businesses to hire more  
4 apprentices than they might otherwise, thereby meeting the demand for  
5 employers of skilled workers, and increasing the number of skilled jobs  
6 in Washington state.

7 (3) If a review finds that the number of new apprenticeship  
8 participants and programs increase by five percent over the baseline,  
9 then the legislature intends for the legislative auditor to recommend  
10 extending the expiration date of the tax preference.

11 (4) In order to obtain the data necessary to perform the review in  
12 subsection (3) of this section, the joint legislative audit and review  
13 committee should refer to the department of labor and industries  
14 apprenticeship program and the United States department of labor  
15 registered apprenticeship national results.

16 (5) The legislature finds that the registered apprenticeship  
17 program provides a cost-effective method for employers to obtain  
18 skilled workers and for employees to receive valuable training and  
19 credentials. The legislature further finds that apprenticeship  
20 programs are concentrated in the building trades industry, and  
21 providing incentives to expand the apprenticeship program to additional  
22 sectors where there are not sufficient skilled workers would retain and  
23 create skilled jobs and benefit the economy.

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

26 (1) A person is allowed a credit against the tax due under this  
27 chapter as provided in this section. In computing the tax imposed  
28 under this chapter, an annual credit is allowed for employers  
29 participating in the Washington apprenticeship program approved by the  
30 apprenticeship council created in RCW 49.04.010. The credit applies to  
31 new apprenticeship positions in the following amounts:

32 (a) The lesser of one thousand dollars or fifty percent of the  
33 actual wages and benefits paid for each new apprenticeship position  
34 established in an existing, approved apprenticeship program;

35 (b) The lesser of two thousand dollars or fifty percent of the  
36 actual wages paid for each new apprenticeship position established in  
37 a new apprenticeship program;

1 (c) The lesser of three thousand dollars or fifty percent of the  
2 actual wages paid for each new apprenticeship position established in  
3 a new apprenticeship program where the workforce training and education  
4 coordinating board has identified a gap in the supply of skilled  
5 workers, including but not limited to the aerospace industry,  
6 manufacturing industry, and medical industry; or

7 (d) The lesser of four thousand dollars or fifty percent of the  
8 actual wages paid for each new apprenticeship position where the  
9 apprentice is a veteran.

10 (2) The credit may be used against any tax due under this chapter,  
11 and may be carried over until used, up to four tax years after the tax  
12 year during which the credit was earned. No refunds may be granted for  
13 credits under this section.

14 (3) Credits earned under this section may be claimed only on  
15 returns filed electronically with the department using the department's  
16 online tax filing service or other method of electronic reporting as  
17 the department may authorize. The taxpayer must keep records necessary  
18 for the department to determine eligibility under this section  
19 including copies of military service records and records establishing  
20 the veteran's status when hired by the taxpayer.

21 (4) The definitions in this subsection apply throughout this  
22 section unless the context clearly requires otherwise.

23 (a) "New apprenticeship position" means an additional person  
24 participating in an approved apprenticeship program. A new  
25 apprenticeship position created after August 1, 2014, remains annually  
26 eligible for a tax credit under subsection (1) of this section if the  
27 apprenticeship position is in addition to the number of apprenticeship  
28 positions established by the employer before August 1, 2014.

29 (b) "New apprenticeship program" means an apprenticeship program  
30 that did not exist before August 1, 2014, that is approved by the  
31 apprenticeship council created in RCW 49.04.010.

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

1        NEW SECTION.   **Sec. 3.**   A new section is added to chapter 28C.18 RCW  
2   to read as follows:

3        The board must annually identify and report to the department of  
4   revenue the approved apprenticeship programs that qualify for a tax  
5   credit under section 2(1)(c) of this act.

6        NEW SECTION.   **Sec. 4.**   This act takes effect August 1, 2014.

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