
SENATE BILL 6608

State of Washington

64th Legislature

2016 Regular Session

By Senators Lias, Frockt, Rolfes, Nelson, Billig, Conway, McAuliffe, and Habib

Read first time 01/29/16. Referred to Committee on Higher Education.

1 AN ACT Relating to providing employers with a business and
2 occupation tax credit for providing employees with student loan
3 repayment assistance; adding a new section to chapter 82.04 RCW;
4 creating a new section; making an appropriation; and providing an
5 effective date.

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

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

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

16 (3) It is the legislature's specific public policy objective to
17 provide employers a credit against the business and occupation tax
18 for assisting their employees in repaying their student loans, which
19 will reduce the employers' tax burden, thereby inducing employers to
20 aid employees with such loans. Pursuant to chapter 43.136 RCW, the

1 joint legislative audit and review committee must review the business
2 and occupation tax credit established in section 2 of this act.

3 (4) If a review by the joint legislative audit and review
4 committee finds that the number of participating employees is
5 increasing by three percent per year between July 1, 2016, through
6 June 30, 2019, the legislature intends for the joint legislative
7 audit unit to recommend extending the expiration date of the tax
8 preferences.

9 (5) In order to obtain the data necessary to perform the review
10 in subsection (3) of this section, the joint legislative audit and
11 review committee should refer to information available from the
12 employment security department and the department of revenue.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
14 RCW 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-five
17 percent of the amount paid for student loan repayment of principal
18 and interest by an employer directly to a student loan lender or
19 lenders on behalf of each qualified employee of the employer for such
20 employee's student loan repayments up to a maximum amount per year as
21 follows:

22 (a) One thousand dollars per employee for the repayment of such
23 employee's student loans incurred by the employee in obtaining an
24 associate's degree;

25 (b) Four thousand dollars per employee for the repayment of such
26 employee's student loans incurred by the employee in obtaining a
27 bachelor's degree; and

28 (c) Six thousand dollars per employee for the repayment of such
29 employee's student loans incurred by the employee in obtaining a
30 graduate or postgraduate degree.

31 (2) The credit allowed under this section only applies to student
32 loans incurred by a qualified employee while attending an accredited
33 institution of higher education.

34 (3) A person may claim an annual credit under this section for
35 student loan repayment amounts made on behalf of a qualified employee
36 for a period of no more than three tax years per qualified employee.

37 (4) There is no carryback or carryforward of the credit allowed
38 under this section. The department may not allow any credits that
39 would cause the total credits allowed under this section to exceed

1 the maximum amounts in subsection (1) of this section in any fiscal
2 year. The department must provide written notice to any person who
3 has claimed tax credits in excess of the limitation in this
4 subsection. The notice must indicate the amount of tax due and
5 provide that the tax be paid within thirty days from the date of the
6 notice. The department may not assess penalties and interest as
7 provided in chapter 82.32 RCW on the amount due in the initial notice
8 if the amount due is paid by the due date specified in the notice, or
9 any extension thereof.

10 (5) Credits are available on a first-in-time basis. The
11 department must keep a running total of all credits allowed under
12 this section during each fiscal year.

13 (6) The credit may be used against any tax due under this
14 chapter. No refunds may be granted for credits under this section.

15 (7) Credits earned under this section may be claimed only on
16 returns filed electronically with the department using the
17 department's online tax filing service or other method of electronic
18 reporting as the department may authorize. No application is required
19 to claim the credit, but the taxpayer must keep records necessary for
20 the department to determine eligibility under this section including
21 records establishing the amount paid by the employer to a student
22 lender on behalf of an employee for student loan repayment assistance
23 under this section.

24 (8) The definitions in this subsection apply throughout this
25 section unless the context clearly requires otherwise.

26 (a) "Qualified employee" means an employee employed by the
27 employer for at least one hundred sixty hours during the tax year.

28 (b) "Student loan" means a student educational loan for higher
29 education expenses at an accredited institution of higher education.

30 NEW SECTION. **Sec. 3.** The sum of two million five hundred
31 thousand dollars, or as much thereof as may be necessary, is
32 appropriated for the biennium ending June 30, 2017, from the general
33 fund to the department of revenue for the purposes of funding
34 business and occupation tax credits to employers who make direct
35 student loan repayments on behalf of qualified employees, as provided
36 in Senate Bill No. ---- (S-3845/16).

1 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2016.

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