

SENATE BILL REPORT

SB 6016

As of January 28, 2018

Title: An act relating to telework.

Brief Description: Concerning telework.

Sponsors: Senators Van De Wege, Palumbo and Kuderer.

Brief History:

Committee Activity: Labor & Commerce: 1/18/18.

Brief Summary of Bill

- Allows a credit against business and occupation (B&O) and public utility district (PUD) tax for telework expenditures and \$500 per teleworking employee per year.
- Limits the total credit to \$20,000 per employee per year and \$3 million total for state.
- Requires the Washington State Department of Labor and Industries (L&I) to adopt rules providing for the reduction of worker's compensation premiums or assessments from employers of teleworking workers.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Susan Jones (786-7404)

Background: Commuter Trip Reduction (CTR). CTR is an employer-based program designed to promote the use of ride-sharing, public transportation, and non-motorized commuting in order to reduce air pollution, energy use, and traffic congestion. A CTR program may include providing information on alternative commuting options, discounting parking rates for carpoolers, providing a bus pass, and permitting flexible work schedules. Public and private employers considered to be major employers must have a CTR program with defined CTR goals. Major employers are considered to be those with more than 100 employees at a single worksite located in certain urban growth areas, who begin their workday between 6:00 a.m. and 9:00 a.m.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Commuter Trip Reduction Tax Credit. A B&O tax or a PUD tax credit is available to businesses or property managers funding CTR incentives. The credit is equal to 50 percent of the incentive payments paid by the employer or property manager, but may not exceed \$60 per employee per year. No applicant may receive a tax credit totaling more than \$200,000 in one year. The funding available for this tax credit is capped at \$2.75 million. If requests for tax credits exceed the \$2.75 million, then all requests would be pro-rated down. Credits that have not been pro-rated may be carried forward to subsequent years.

Executive Order On Telework Policies at State Agencies. Telework is generally where work functions that are normally performed at a traditional workplace are instead performed by an employee at home. Washington State governors have issued executive orders requiring state agencies to adopt written policies that defines specific criteria for telework and flexible work hours.

Summary of Bill: An employer is allowed a credit against B&O and PUD tax for:

- telework expenditures that exceed the average annual telework expenditures made by the employer in the preceding three calendar years; and
- \$500 per calendar year per employee who teleworks at least 12 days per month, not including Saturdays or Sundays, if the employee would otherwise perform the work in the state of Washington.

A credit claimed may not exceed the amount of tax that would otherwise be due. The credit must be claimed in the year in which the expenditure is made. The employer must make the expenditure the year in which the credit is approved by the Department of Revenue (DOR). Approved credit may not be carried over to subsequent calendar years. The credit must be claimed by the due date of the last tax return for the calendar year in which the expenditure is made, after this date, any unused credit expires. Total credits claimed may not exceed \$20,000 for any calendar year. If a person has used a credit against PUD tax, that same credit cannot be used against B&O tax.

Application for credits must be made before making a telework expenditure. DOR must keep a running total of all credits approved during each calendar year, and must deny any credit application that would cause the tabulation for any calendar year to exceed \$3 million dollars.

Telework means a work arrangement whereby employees are regularly scheduled at least twelve days per month, not including Saturdays or Sundays, to perform the normal duties and responsibilities of their positions at locations other than the traditional workplace, through use of computers or telecommunications. The term includes only work arrangements made by employers for employees and excludes persons who are self-employed. The terms telework equipment, telework expenditures, and telework installation costs are defined.

L&I must adopt rules providing for the reduction of worker's compensation premiums or assessments from employers of workers who telework.

Legislative findings are made regarding commuting and telework.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on October 1, 2018.

Staff Summary of Public Testimony: PRO: I have a constituent who runs a travel website. They used to have a brick and mortar place. They realized it was costing them a lot. They transferred their employees to their houses and got rid of all that overhead. They realized that they were happier and less stressed. Their employers were a lot happier. The work is flexible. They can take care of sick children and other emergencies. There are two other states that have passed this—Virginia and Georgia—and it has been very successful. The issue that has got the most attention is less cars on the road and less congestion. The employer benefits by not have to provide a workspace for employees. The employees benefit by being able to work from home. The public benefits by have less cars on the road. This is less expensive than building more roads. It helps urban areas by reducing congestion. It helps rural areas by allowing people to live further from a work place. The fiscal note is high, but we can put a cap on it. It could even be a pilot project.

OTHER: We request that section 4 be removed. Workers compensation is set up to be a zero sum gain. L&I groups industries to set the rate. If you reduce the premiums to some employers, it would shift the cost to other employers. There is a question whether working at home is safer. Under the governor's leadership, L&I employees are encouraged to telework.

We support the general concept. We support CTR as long as it is voluntary. We appreciate L&I's concern. Employers cannot control the home environment. We hate to have premiums go up for other employers.

Persons Testifying: PRO: Senator Kevin Van De Wege, Prime Sponsor.

OTHER: Tammy Fellin, Labor & Industries; Bob Battles, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: No one.