
SUBSTITUTE HOUSE BILL 2396

State of Washington

65th Legislature

2018 Regular Session

By House Early Learning & Human Services (originally sponsored by Representatives Reeves, Robinson, Kagi, Valdez, Doglio, Riccelli, and Stonier)

READ FIRST TIME 01/22/18.

1 AN ACT Relating to establishing the working families' child care
2 access and affordability through regional employers act; amending RCW
3 43.330.060; adding new sections to chapter 43.216 RCW; adding new
4 sections to chapter 82.04 RCW; adding new sections to chapter 82.16
5 RCW; creating new sections; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that high
8 quality child care helps build foundational skills to prepare our
9 children for the future. These skills strengthen the next generation
10 of workers and contribute to the success of businesses and the
11 economic well-being of our state.

12 (2) The legislature further finds that working families are
13 experiencing an affordability crisis when it comes to caring for
14 their young children. Child care is one of the largest household
15 expenses for most families, with the cost all too often being too
16 much for a family to manage. At the same time, child care providers
17 and private businesses across all sectors are facing a workforce
18 shortage and are reporting worker losses due to extended vacancies,
19 absenteeism, and a shortage of skilled workers. To remain in the
20 workforce, parents with young children need reliable child care to be
21 able to improve their skills through education, resulting in retained

1 employment and increased productivity. A recent report by the United
2 States chamber of commerce foundation found that high quality child
3 care is an under-recognized and promising strategy for addressing
4 America's growing workforce crisis.

5 (3) The legislature also finds that the bureau of labor
6 statistics reports less than forty percent of the workforce is
7 offered dependent care flexible spending accounts by their employers.
8 Further, the legislature finds that employees with higher wages and
9 those working for larger employers are more likely to have access to
10 this benefit.

11 (4) Therefore, the legislature intends to partner with private
12 employers to implement and support strategies to increase access to
13 quality child care and early learning opportunities, preparing
14 children for school and supporting parents as productive members of
15 the workforce.

16 (5) The legislature further intends to address the child care
17 workforce shortage by providing higher education scholarships and
18 loan repayment to individuals who intend to provide early learning
19 services in the state of Washington.

20 (6) The legislature further intends to increase the accessibility
21 and affordability of child care for working families by providing
22 meaningful incentives to employers to facilitate a partnership
23 between employers and employees to reduce the costs of child care.
24 Increasing accessibility includes reducing racial, ethnic, and
25 geographic disparity and disproportionality in service delivery for
26 families.

27 **Part I**

28 **Employer Supported Child Care**

29 NEW SECTION. **Sec. 101.** A new section is added to chapter 43.216
30 RCW to read as follows:

31 (1) The department must consult with the department of commerce
32 to develop a web site containing current resources for businesses
33 regarding employer-supported child care. The web site must be
34 available to the public within one year of the effective date of this
35 section and must be updated regularly. Web site resources must
36 include, at a minimum:

37 (a) Information about the benefits to employers and employees
38 associated with employer-supported child care;

1 (b) Guidance for the provision of onsite care at the workplace,
2 including permitting and licensing resources to facilitate the
3 development and construction of child care facilities;

4 (c) Tools and guidance for the provision of financial assistance
5 to employees for child care expenses;

6 (d) A model policy for the establishment of a "bring your infant
7 to work" program for employees who are the parent or legal guardian
8 of an infant up to six months of age; and

9 (e) A link to a licensed child care registry developed and
10 maintained by a professional organization of child care providers
11 jointly with participating employers.

12 (2) The department must consult with the office of financial
13 management to modify the "bring your infant to work" policy
14 established in this section for use in state agencies.

15 (3) In accordance with RCW 43.01.036 the department must submit a
16 report to the governor and the appropriate committees of the
17 legislature by November 1, 2020. The report must include a summary of
18 the resources provided on the site created under subsection (1) of
19 this section and information about activities undertaken by other
20 states related to incentivizing businesses to provide employer-
21 supported child care.

22 (4) For the purposes of this section, "employer-supported child
23 care" means:

24 (a) A licensed child care center operated at or near the
25 workplace by an employer for the benefit of employees; or

26 (b) Financial assistance provided by an employer for licensed
27 child care expenses incurred by an employee.

28 **Sec. 102.** RCW 43.330.060 and 2010 c 165 s 2 are each amended to
29 read as follows:

30 (1) The department shall (a) assist in expanding the state's role
31 as an international center of trade, culture, and finance; (b)
32 promote and market the state's products and services both nationally
33 and internationally; (c) work in close cooperation with other private
34 and public international trade efforts; (d) act as a centralized
35 location for the assimilation and distribution of trade information;
36 and (e) establish and operate foreign offices promoting overseas
37 trade and commerce.

1 (2) The department shall identify and work with Washington
2 businesses that can use local, state, and federal assistance to
3 increase domestic and foreign exports of goods and services.

4 (3) The department shall work generally with small businesses and
5 other employers to facilitate resolution of siting, regulatory,
6 expansion, and retention problems. This assistance shall include but
7 not be limited to assisting in workforce training and infrastructure
8 needs, identifying and locating suitable business sites, and
9 resolving problems with government licensing and regulatory
10 requirements. The department shall identify gaps in needed services
11 and develop steps to address them including private sector support
12 and purchase of these services.

13 (4) The department shall work to increase the availability of
14 capital to small businesses by developing new and flexible investment
15 tools; by assisting in targeting and improving the efficiency of
16 existing investment mechanisms; and by assisting in the procurement
17 of managerial and technical assistance necessary to attract potential
18 investors.

19 (5) The department shall assist women and minority-owned
20 businesses in overcoming barriers to entrepreneurial success. The
21 department shall contract with public and private agencies,
22 institutions, and organizations to conduct entrepreneurial training
23 courses for minority and women-owned businesses. The instruction
24 shall be intensive, practical training courses in financing,
25 marketing, managing, accounting, and recordkeeping for a small
26 business, with an emphasis on federal, state, local, or private
27 programs available to assist small businesses. Instruction shall be
28 offered in major population centers throughout the state at times and
29 locations that are convenient for minority and women small business
30 owners.

31 ~~(6)((a) Subject to the availability of amounts appropriated for~~
32 ~~this specific purpose, by December 1, 2010, the department, in~~
33 ~~conjunction with the small business development center, must prepare~~
34 ~~and present to the governor and appropriate legislative committees a~~
35 ~~specific, actionable plan to increase access to capital and technical~~
36 ~~assistance to small businesses and entrepreneurs beginning with the~~
37 ~~2011-2013 biennium. In developing the plan, the department and the~~
38 ~~center may consult with the Washington state microenterprise~~
39 ~~association, and with other government, nonprofit, and private~~
40 ~~organizations as necessary. The plan must identify:~~

1 ~~(i) Existing sources of capital and technical assistance for~~
2 ~~small businesses and entrepreneurs;~~

3 ~~(ii) Critical gaps and barriers to availability of capital and~~
4 ~~delivery of technical assistance to small businesses and~~
5 ~~entrepreneurs;~~

6 ~~(iii) Workable solutions to filling the gaps and removing~~
7 ~~barriers identified in (a)(ii) of this subsection; and~~

8 ~~(iv) The financial resources and statutory changes necessary to~~
9 ~~put the plan into effect beginning with the 2011-2013 biennium.~~

10 ~~(b) With respect to increasing access to capital, the plan must~~
11 ~~identify specific, feasible sources of capital and practical~~
12 ~~mechanisms for expanding access to it.~~

13 ~~(c) The department and the center must include, within the~~
14 ~~analysis and recommendations in (a) of this subsection, any specific~~
15 ~~gaps, barriers, and solutions related to rural and low-income~~
16 ~~communities and small manufacturers interested in exporting.)) The~~
17 ~~department must assist businesses with identifying resources and~~
18 ~~incentives for the provision of employer-supported child care as~~
19 ~~defined in section 101 of this act.~~

20 NEW SECTION. Sec. 103. The office of financial management must:

21 (1) Consult with the department of children, youth, and families
22 to modify the model policy developed under section 101 of this act as
23 appropriate for implementation at state agencies; and

24 (2) Provide the model policy and implementation guidelines to
25 state agency directors by December 1, 2018. The implementation
26 guidelines must require agencies to adopt the policy by June 1, 2019,
27 and allow agencies to modify the policy or limit its application as
28 appropriate based on the working conditions and job duties of agency
29 personnel.

30 (3) This section expires July 1, 2019.

31 **Part II**

32 **Child Care Workforce Conditional Scholarship and Loan Repayment**
33 **Program**

34 NEW SECTION. Sec. 201. A new section is added to chapter 43.216
35 RCW to read as follows:

36 The definitions in this section apply throughout this part unless
37 the context clearly requires otherwise.

1 (1) "Conditional scholarship" means a loan that is given to an
2 eligible student under an agreement in which the eligible student
3 will be relieved of his or her obligation to repay all or part of the
4 loan in exchange for his or her providing early learning services in
5 the state of Washington and meeting all other requirements of the
6 agreement.

7 (2) "Early learning services" has the same meaning as "early
8 learning" as defined in RCW 43.216.010.

9 (3) "Eligible student" means a student who is registered for at
10 least three credit hours or the equivalent, is a resident student as
11 defined by RCW 28B.15.012(2) and 28B.15.013, and has a declared
12 intention to complete an approved program of study and provide early
13 learning services in the state of Washington and meet all other
14 requirements under a conditional scholarship agreement entered into
15 between the student and the department.

16 (4) "Equalization fee" means the additional amount added to the
17 principal of a loan under this chapter to equate the debt to that
18 which the student would have incurred if the loan had been received
19 through the federal direct Stafford student loan program.

20 (5) "Institution of higher education" or "institution" means a
21 college or university in the state of Washington that is accredited
22 by an accrediting association recognized as such by rule of the
23 student achievement council.

24 (6) "Loan repayment" means a student loan that is repaid in whole
25 or in part if the recipient renders early learning services in the
26 state under requirements of an agreement entered into under this
27 chapter.

28 (7) "Participant" means an individual who has received a
29 conditional scholarship or loan repayment under this chapter.

30 (8) "Rural and underserved area" means an area where credentialed
31 early learning providers are in short supply, as determined by the
32 department of children, youth, and families.

33 (9) "Satisfied" means paid in full.

34 (10) "Service obligation" means an obligation by the participant
35 to provide early learning services for a period to be established as
36 provided for in this chapter.

37 NEW SECTION. **Sec. 202.** A new section is added to chapter 43.216
38 RCW to read as follows:

1 (1) The child care workforce conditional scholarship and loan
2 repayment program is established. The program is comprised of the
3 following two components:

4 (a) Conditional scholarships awarded to eligible students
5 attending an institution of higher education who meet the
6 requirements established under this chapter; and

7 (b) Loan repayments for participants providing early learning
8 services in the state and who meet the requirements for loan
9 repayment established under this chapter.

10 (2) The program must be administered by the department of
11 children, youth, and families. In administering the program, the
12 department must:

13 (a) Select eligible students to be awarded conditional
14 scholarships;

15 (b) Select participants to receive loan repayments;

16 (c) Adopt rules and develop guidelines to administer the program;

17 (d) Publicize the program, particularly to maximize participation
18 among individuals in shortage areas and among populations expected to
19 experience the greatest growth in the workforce;

20 (e) Collect and manage repayments from conditional scholarship
21 participants who do not meet their required service obligations or
22 otherwise fail to meet the requirements under their agreements; and

23 (f) Solicit and accept grants and donations from public and
24 private sources for the program.

25 NEW SECTION. **Sec. 203.** A new section is added to chapter 43.216
26 RCW to read as follows:

27 (1) The department must establish a planning committee to assist
28 in developing criteria for the selection of participants. Planning
29 committee members must include representatives of the department of
30 social and health services; the department of children, youth, and
31 families; private business; child day care center providers; family
32 day care providers; and a union representing child care providers.

33 (2) When selecting participants, the department must give
34 priority to individuals providing early learning services in:

35 (a) Rural and underserved areas; and

36 (b) Low-income neighborhoods or in a low-income child care
37 provider settings as defined in RCW 43.216.010.

1 NEW SECTION. **Sec. 204.** A new section is added to chapter 43.216
2 RCW to read as follows:

3 To receive disbursements from a conditional scholarship under
4 this chapter, an eligible student must be considered by his or her
5 institution of higher education to be in a satisfactory progress
6 condition, in addition to any other requirements established in an
7 agreement between the eligible student and the department.

8 NEW SECTION. **Sec. 205.** A new section is added to chapter 43.216
9 RCW to read as follows:

10 (1) The department may award conditional scholarships or provide
11 loan repayments to eligible participants from the funds appropriated
12 to the department for this purpose, or from any private donations, or
13 any other funds given to the department for this program.

14 (2) The amount of the conditional scholarship or loan repayment
15 awarded a participant must not exceed five thousand dollars per year
16 for priority participants and must not exceed two thousand, five
17 hundred dollars per year for all other participants. Participants are
18 eligible to receive conditional scholarships or loan repayments for a
19 maximum of six years.

20 NEW SECTION. **Sec. 206.** A new section is added to chapter 43.216
21 RCW to read as follows:

22 (1) Upon documentation of student loan indebtedness, the
23 department may enter into agreements with participants to repay all
24 or part of a student loan in exchange for the participant providing
25 early learning services in the state of Washington and meeting all
26 other requirements under the agreement.

27 (2) The agreement must specify in detail the obligations of the
28 department and the participant, including the amount of loan
29 repayment the participant will receive in exchange for his or her
30 satisfying all requirements of the agreement and any geographic
31 location or area of service requirements that are part of the
32 agreement.

33 (3)(a) At the end of each year, a participant under this section
34 must provide evidence to the department that the participant has met
35 his or her service obligation and any other requirements under the
36 agreement. Upon receipt of the evidence, the department must pay the
37 participant the agreed-upon amount for one year of full-time service
38 or a prorated amount for less than full-time service.

1 (b) To qualify for additional loan repayments, the participant
2 must be engaged in continuous service as defined by the department
3 and meet any other requirements established in the agreement.

4 (4) The department may, at its discretion, arrange to make the
5 loan repayment directly to the holder of the participant's student
6 loan.

7 (5) The department's obligations to a participant under this
8 section ceases when:

9 (a) The terms of the agreement have been fulfilled;

10 (b) The participant fails to maintain continuous service as
11 determined by the department or otherwise fails to fulfill any other
12 term of the agreement; or

13 (c) The participant's student loans that are subject to the
14 agreement have been repaid.

15 (6) The department must adopt rules governing loan repayments,
16 including approved leaves of absence from continuous service and
17 other deferments as may be necessary.

18 NEW SECTION. **Sec. 207.** A new section is added to chapter 43.216
19 RCW to read as follows:

20 (1) A participant in the conditional scholarship program is
21 obligated to repay the conditional scholarship, with interest and an
22 equalization fee, unless he or she renders early learning services
23 for each year of scholarship received and meets all other
24 requirements as provided under the agreement between the participant
25 and the department.

26 (2) A participant who fails to complete the required service
27 obligation or otherwise fails to fulfill the terms of the agreement
28 will incur an equalization fee based on the remaining unforgiven
29 balance of the loan. The equalization fee must be added to the
30 remaining balance owed by the participant.

31 (3) The department must set the minimum payment. The maximum
32 period for repayment is ten years, with payments of principal and
33 interest commencing six months from the date the participant
34 completes or discontinues the course of study. The interest rate must
35 be determined by the department and be established in rule.
36 Provisions for deferral of payment must be determined by the
37 department. The department must establish an appeal process in rule.

38 (4) The entire principal and interest of each payment must be
39 forgiven for each payment period in which the participant provides

1 early learning services in the state and meets all other requirements
2 of the agreement, until the entire repayment obligation is satisfied.
3 Should the participant cease to provide early learning services in
4 this state before the participant's service obligation is completed
5 or otherwise fails to fulfill the terms of the agreement, payments on
6 the unsatisfied portion of the principal and interest must begin the
7 next payment period and continue until the remainder of the
8 participant's repayment obligation is satisfied.

9 (5) The department is responsible for collection of repayments
10 made under this section and must exercise due diligence in such
11 collection, maintaining all necessary records to insure that maximum
12 repayments are made. Collection and servicing of repayments under
13 this section must be pursued using the full extent of the law,
14 including wage garnishment if necessary. The department must maintain
15 all necessary records of payments made by participants.

16 (6) Receipts from the payment of principal or interest or any
17 other subsidies to which the office as administrator is entitled,
18 which are paid by or on behalf of participants under this section,
19 must be deposited in the child care workforce conditional scholarship
20 and loan forgiveness repayment account and must be used to cover the
21 costs of granting the conditional scholarships, maintaining necessary
22 records, and making collections under subsection (5) of this section.
23 The department must maintain accurate records of these costs, and all
24 receipts beyond those necessary to pay such costs must be used to
25 grant conditional scholarships to eligible students.

26 (7) The department must adopt rules to define the terms of
27 repayment, including applicable interest rates, fees, and deferments.

28 NEW SECTION. **Sec. 208.** A new section is added to chapter 43.216
29 RCW to read as follows:

30 The child care workforce conditional scholarship and loan
31 repayment account is created in the custody of the state treasurer.
32 All moneys received for the child care workforce conditional
33 scholarship and loan repayment program must be deposited into the
34 account. Expenditures from the account may be used only for
35 conditional loans and loan repayments to participants in the child
36 care workforce conditional scholarship and loan repayment program
37 established by this chapter and costs associated with program
38 administration by the department. Only the director or the director's
39 designee may authorize expenditures from the account. The account is

1 not subject to allotment procedures under chapter 43.88 RCW, except
2 for moneys used for program administration and an appropriation is
3 not required for expenditures.

4 **Part III**

5 **Child Care Tax Incentives**

6 NEW SECTION. **Sec. 301.** (1) This section is the tax preference
7 performance statement for the tax preferences contained in sections
8 302 and 303, chapter . . . , Laws of 2018 (sections 302 and 303 of
9 this act). This performance statement is only intended to be used for
10 subsequent evaluation of the tax preferences. It is not intended to
11 create a private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (2) The legislature categorizes the tax preferences in this act
14 as ones intended to induce certain designated behavior by taxpayers,
15 as indicated in RCW 82.32.808(2)(a), and provide tax relief for
16 certain businesses or individuals, as indicated in RCW
17 82.32.808(2)(e).

18 (3) It is the legislature's specific public policy objective to
19 increase the accessibility and affordability of child care for
20 working families.

21 (4) To measure the effectiveness of this act in achieving the
22 specific public policy objective described in subsection (3) of this
23 section, the joint legislative audit and review committee may
24 evaluate the following:

25 (a) The number of new employers offering dependent care flexible
26 spending accounts to employees; and

27 (b) The amount of employer contributions to the Washington child
28 care conditional scholarship account.

29 (5) In order to obtain the data necessary to perform the review
30 in subsection (4) of this section, the joint legislative audit and
31 review committee may refer to the department of revenue's data.

32 **Subpart A**

33 **Employer Contributions to Dependent Care Accounts**

34 NEW SECTION. **Sec. 302.** A new section is added to chapter 82.04
35 RCW to read as follows:

1 (1) A credit is allowed against the tax imposed under this
2 chapter for qualifying contributions made to dependent care flexible
3 spending accounts for employees.

4 (2) The credit may be claimed only in the calendar year
5 immediately following the calendar year in which the qualifying
6 contributions were made. The credit is equal to the full amount of
7 qualifying contributions to dependent care flexible spending accounts
8 for employees during the calendar year minus any qualifying
9 contributions returned to the employer from the third-party
10 administrator. The amount of credit claimed for a reporting period
11 may not exceed the tax otherwise due under this chapter for that
12 reporting period. Credits may not be carried over to subsequent
13 years. No refunds may be granted for any unused credits.

14 (3) Any person claiming the credit must file a form prescribed by
15 the department that includes the amount of qualifying contributions
16 to employee dependent care assistance accounts made during the prior
17 calendar year, the amount of any qualifying contributions returned to
18 the employer by the third-party administrator, the number of
19 employees receiving contributions, and other information required by
20 the department to determine eligibility under this chapter. The
21 application may not contain personal employee information such as
22 names or social security numbers.

23 (4) To claim a credit under this section, a person must
24 electronically file with the department all returns, forms, and any
25 other information required by the department, in an electronic format
26 as provided or approved by the department. Any return, form, or
27 information required to be filed in an electronic format under this
28 section is not filed until received by the department in an
29 electronic format. As used in this subsection, "returns" has the same
30 meaning as "return" in RCW 82.32.050.

31 (5) No credit may be earned for contributions made before July 1,
32 2018, or after June 30, 2028. The department may not allow any credit
33 to be claimed before January 1, 2019, or after December 31, 2029.

34 (6) No person may claim a credit against taxes due under both
35 this chapter and chapter 82.16 RCW for the same contribution.

36 (7) The definitions in this subsection apply throughout this
37 section unless the context clearly requires otherwise.

38 (a) "Dependent care flexible spending account" means dependent
39 care assistance as defined in 26 U.S.C. Sec. 129 of the federal

1 internal revenue as it existed on the effective date of this section,
2 or such subsequent date as may be provided by the department by rule.

3 (b) "Qualifying contribution" means a contribution by an employer
4 to an employee dependent care flexible spending account used to pay
5 for the care of a child under age thirteen.

6 (c) "Third-party administrator" means a person contracted by an
7 employer to administer dependent care flexible spending accounts for
8 employees.

9 NEW SECTION. **Sec. 303.** A new section is added to chapter 82.16
10 RCW to read as follows:

11 (1) A credit is allowed against the tax imposed under this
12 chapter for qualifying contributions made to dependent care flexible
13 spending accounts for employees.

14 (2) The credit may be claimed only in the calendar year
15 immediately following the calendar year in which the qualifying
16 contributions were made. The credit is equal to the full amount of
17 qualifying contributions to dependent care flexible spending accounts
18 for employees during the calendar year minus any qualifying
19 contributions returned to the employer from the third-party
20 administrator. The amount of credit claimed for a reporting period
21 may not exceed the tax otherwise due under this chapter for that
22 reporting period. Credits may not be carried over to subsequent
23 years. No refunds may be granted for any unused credits.

24 (3) Any person claiming the credit must file a form prescribed by
25 the department that includes the amount of qualifying contributions
26 to employee dependent care assistance accounts made during the prior
27 calendar year, the amount of any qualifying contributions returned to
28 the employer by the third-party administrator, the number of
29 employees receiving contributions, and other information required by
30 the department to determine eligibility under this chapter. The
31 application may not contain personal employee information such as
32 names or social security numbers.

33 (4) To claim a credit under this section, a person must
34 electronically file with the department all returns, forms, and any
35 other information required by the department, in an electronic format
36 as provided or approved by the department. Any return, form, or
37 information required to be filed in an electronic format under this
38 section is not filed until received by the department in an

1 electronic format. As used in this subsection, "returns" has the same
2 meaning as "return" in RCW 82.32.050.

3 (5) No credit may be earned for contributions made before July 1,
4 2018, or after June 30, 2028. The department may not allow any credit
5 to be claimed before January 1, 2019, or after December 31, 2029.

6 (6) No person may claim a credit against taxes due under both
7 this chapter and chapter 82.04 RCW for the same contribution.

8 (7) The definitions in section 302 of this act apply to this
9 section.

10 **Subpart B**

11 **Offsetting Employer Administrative Costs**

12 NEW SECTION. **Sec. 304.** A new section is added to chapter 82.04
13 RCW to read as follows:

14 (1) Subject to the limitations in this section, a credit is
15 allowed against the tax imposed under this chapter for amounts paid
16 to a third-party administrator for the purpose of administering
17 employee dependent care flexible spending accounts.

18 (2) The amount of the credit is equal to the actual fees paid to
19 the third-party administrator. No person may claim more than one
20 thousand dollars of credit in any calendar year. Credits may only be
21 earned during the first three calendar years in which an employer
22 offers dependent care flexible spending accounts to employees.

23 (3) The credit may be claimed only in the calendar year
24 immediately following the calendar year in which the fees were paid.
25 The amount of credit claimed for a reporting period may not exceed
26 the tax otherwise due under this chapter for that reporting period.
27 Credits may not be carried over to subsequent years. No refunds may
28 be granted for any unused credits.

29 (4) Any person claiming the credit must file a form prescribed by
30 the department that includes the date the employer began offering a
31 dependent care flexible spending account to employees, the annual
32 amount of actual fees paid to the third-party administrator, and
33 other information required by the department to determine eligibility
34 under this chapter.

35 (5) To claim a credit under this section, a person must
36 electronically file with the department all returns, forms, and any
37 other information required by the department, in an electronic format
38 as provided or approved by the department. Any return, form, or

1 information required to be filed in an electronic format under this
2 section is not filed until received by the department in an
3 electronic format. As used in this subsection, "returns" has the same
4 meaning as "return" in RCW 82.32.050.

5 (6) No credit may be earned for fees paid before July 1, 2018, or
6 after June 30, 2028. The department may not allow any credit to be
7 claimed before January 1, 2019, or after December 31, 2029.

8 (7) No person may claim a credit against taxes due under both
9 this chapter and chapter 82.16 RCW for the same administrative fees.

10 (8) The definitions in section 302, chapter . . . , Laws of 2018
11 (section 302 of this act) apply to this section.

12 NEW SECTION. **Sec. 305.** A new section is added to chapter 82.16
13 RCW to read as follows:

14 (1) Subject to the limitations in this section, a credit is
15 allowed against the tax imposed under this chapter for amounts paid
16 to a third-party administrator for the purpose of administering
17 employee dependent care flexible spending accounts.

18 (2) The amount of the credit is equal to the actual fees paid to
19 the third-party administrator. No person may claim more than one
20 thousand dollars of credit in any calendar year. Credits may only be
21 earned during the first three calendar years in which an employer
22 offers dependent care flexible spending accounts to employees.

23 (3) The credit may be claimed only in the calendar year
24 immediately following the calendar year in which the fees were paid.
25 The amount of credit claimed for a reporting period may not exceed
26 the tax otherwise due under this chapter for that reporting period.
27 Credits may not be carried over to subsequent years. No refunds may
28 be granted for any unused credits.

29 (4) Any person claiming the credit must file a form prescribed by
30 the department that includes the date the employer began offering a
31 dependent care flexible spending account to employees, the annual
32 amount of actual fees paid to the third-party administrator, and
33 other information required by the department to determine eligibility
34 under this chapter.

35 (5) To claim a credit under this section, a person must
36 electronically file with the department all returns, forms, and any
37 other information required by the department, in an electronic format
38 as provided or approved by the department. Any return, form, or
39 information required to be filed in an electronic format under this

1 section is not filed until received by the department in an
2 electronic format. As used in this subsection, "returns" has the same
3 meaning as "return" in RCW 82.32.050.

4 (6) No credit may be earned for fees paid before July 1, 2018, or
5 after June 30, 2028. The department may not allow any credit to be
6 claimed before January 1, 2019, or after December 31, 2029.

7 (7) No person may claim a credit against taxes due under both
8 this chapter and chapter 82.04 RCW for the same administrative fees.

9 (8) The definitions in section 302 of this act apply to this
10 section.

11 **Subpart C**

12 **Employer Contributions to the Child Care Workforce Conditional** 13 **Scholarship and Loan Repayment Program**

14 NEW SECTION. **Sec. 306.** A new section is added to chapter 82.04
15 RCW to read as follows:

16 (1) A credit is allowed against the tax imposed under this
17 chapter for contributions made to the child care workforce
18 conditional scholarship and loan repayment account under section 208
19 of this act.

20 (2) The credit may only be claimed in the calendar year
21 immediately following the calendar year in which the contribution was
22 made. The credit is equal to the full amount of contributions to the
23 child care workforce conditional scholarship and loan repayment
24 account. The amount of credit claimed for a reporting period may not
25 exceed the tax otherwise due under this chapter for that reporting
26 period. Credits may not be carried over to subsequent years. No
27 refunds may be granted for credits under this chapter.

28 (3) To claim a credit under this section, a person must
29 electronically file with the department all returns, forms, and any
30 other information required by the department, in an electronic format
31 as provided or approved by the department. Any return, form, or
32 information required to be filed in an electronic format under this
33 section is not filed until received by the department in an
34 electronic format. As used in this subsection, "returns" has the same
35 meaning as "return" in RCW 82.32.050.

36 (4) No application is required to claim the tax credit. The
37 person must keep records necessary for the department to verify
38 eligibility under this section.

1 (5) A person must provide to the department, upon request, such
2 information needed to verify eligibility for credit under this
3 section.

4 (6) No credit may be earned for contributions made before July 1,
5 2018, or after June 30, 2028. The department may not allow any credit
6 to be claimed before January 1, 2019, or after December 31, 2029.

7 (7) No person may claim a credit against taxes due under both
8 this chapter and chapter 82.16 RCW for the same contribution.

9 NEW SECTION. **Sec. 307.** A new section is added to chapter 82.16
10 RCW to read as follows:

11 (1) A credit is allowed against the tax imposed under this
12 chapter for contributions made to the child care workforce
13 conditional scholarship and loan repayment account under section 208
14 of this act.

15 (2) The credit may only be claimed in the calendar year
16 immediately following the calendar year in which the contribution was
17 made. The credit is equal to the full amount of contributions to the
18 child care workforce conditional scholarship and loan repayment
19 account. The amount of credit claimed for a reporting period may not
20 exceed the tax otherwise due under this chapter for that reporting
21 period. Credits may not be carried over to subsequent years. No
22 refunds may be granted for credits under this chapter.

23 (3) To claim a credit under this section, a person must
24 electronically file with the department all returns, forms, and any
25 other information required by the department, in an electronic format
26 as provided or approved by the department. Any return, form, or
27 information required to be filed in an electronic format under this
28 section is not filed until received by the department in an
29 electronic format. As used in this subsection, "returns" has the same
30 meaning as "return" in RCW 82.32.050.

31 (4) No application is required to claim the tax credit. The
32 person must keep records necessary for the department to verify
33 eligibility under this section.

34 (5) A person must provide to the department, upon request, such
35 information needed to verify eligibility for credit under this
36 section.

37 (6) No credit may be earned for contributions made before July 1,
38 2018, or after June 30, 2028. The department may not allow any credit
39 to be claimed before January 1, 2019, or after December 31, 2029.

1 (7) No person may claim a credit against taxes due under both
2 this chapter and chapter 82.04 RCW for the same contribution.

--- END ---