

---

HOUSE BILL 2730

---

State of Washington

65th Legislature

2018 Regular Session

By Representatives Jinkins, Steele, Chapman, Wilcox, Blake, Eslick, Haler, Tharinger, and Slatter

Read first time 01/15/18. Referred to Committee on Finance.

1 AN ACT Relating to encouraging employers to promote and support  
2 workers' educational attainment; adding a new chapter to Title 82  
3 RCW; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that one of the  
6 main challenges in meeting Washington state's workforce demand is  
7 making college affordable for low-income and middle-income students  
8 and engaging employers.

9 (2) The legislature further finds that to reach workforce  
10 attainment goals, efforts must be expanded beyond a focus on students  
11 moving directly from high school to college. The Washington state  
12 student achievement council identified that one hundred eighty-five  
13 thousand nontraditional students aged twenty-five to thirty-four are  
14 needed by the year 2023. Working adults without a postsecondary  
15 credential have a lot to gain by returning to complete a degree or  
16 certificate, including higher wages, fewer periods of unemployment,  
17 and more options to meet personal and career goals. However, for many  
18 adults the prospect of enrolling in college is daunting. In addition  
19 to the typical challenges of affordability and academic preparation,  
20 which many students face, adult students also tend to have additional

1 barriers, such as scheduling conflicts, child care availability, and  
2 other family commitments.

3 (3) The legislature also finds that employers play an important  
4 role in promoting and supporting worker's educational completion  
5 through tuition programs and negotiating flexible schedules.  
6 Businesses that help workers complete their education also reduce  
7 turnover and talent management costs and are more attractive to new  
8 employees. Despite a return of unemployment rates to prerecession  
9 levels in some areas and sectors, a skills mismatch remains between  
10 employers' critical in-demand skills and the availability of those  
11 skills in workers.

12 (4) Therefore, the legislature intends to encourage small and  
13 medium employers to promote and support workers in gaining valuable  
14 knowledge, skills, and credentials.

15 NEW SECTION. **Sec. 2.** (1) This section is the tax preference  
16 performance statement for the tax preferences contained in sections 3  
17 through 5, chapter . . . , Laws of 2018 (sections 3 through 5 of this  
18 act). This performance statement is only intended to be used for  
19 subsequent evaluation of the tax preferences. It is not intended to  
20 create a private right of action by any party or be used to determine  
21 eligibility for preferential tax treatment.

22 (2) The legislature categorizes the tax preferences in this act  
23 as ones intended to induce certain designated behavior by taxpayers,  
24 as indicated in RCW 82.32.808(2)(a).

25 (3) It is the legislature's specific public policy objective to  
26 encourage employers to support workers in their educational  
27 attainment. It is the legislature's intent to provide small and  
28 medium employers a credit against the business and occupation tax and  
29 public utility tax for contributions made to their employees'  
30 educational expenses.

31 (4) To measure the effectiveness of this act in achieving the  
32 specific public policy objective described in subsection (3) of this  
33 section, the joint legislative audit and review committee may  
34 evaluate the amount of employer contributions to employee educational  
35 expenses as reported to the department.

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

1        NEW SECTION.    **Sec. 3.**    (1) Subject to the limitations in this  
2 chapter, an employer with fewer than fifty employees is allowed a  
3 credit against the tax imposed by chapters 82.04 and 82.16 RCW for  
4 the full amount of approved contributions to qualified educational  
5 expenses of eligible employees, up to five thousand dollars per  
6 eligible employee per year.

7        (2) The department must keep a running total of all credits  
8 approved under this chapter for each calendar year. The department  
9 may not approve any credits under this section that would cause the  
10 total amount of approved credits statewide to exceed five hundred  
11 thousand dollars in any calendar year.

12        (3) The credit may be claimed against any tax due under chapters  
13 82.04 and 82.16 RCW only in the calendar year immediately following  
14 the calendar year in which the credit was approved by the department  
15 and the contribution was made. The amount of credit claimed for a  
16 reporting period may not exceed the tax otherwise due under this  
17 chapter for that reporting period. Credits may not be carried over to  
18 subsequent years. No refunds may be granted for credits under this  
19 chapter.

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

28        NEW SECTION.    **Sec. 4.**    (1) Application for tax credits under this  
29 chapter must be submitted to the department before making a  
30 contribution to qualified educational expenses. The application must  
31 be made to the department in a form and manner prescribed by the  
32 department. The application must include the proposed amount of  
33 contribution to qualified educational expenses for eligible  
34 employees, the proposed number of employees receiving a contribution,  
35 and other information required by the department to determine  
36 eligibility under this chapter. The department must rule on the  
37 application within forty-five days. Applications must be approved on  
38 a first-come basis.

1 (2) The department may not accept any applications before July 1,  
2 2018.

3 NEW SECTION. **Sec. 5.** (1) A person that was approved for credit  
4 as provided in this chapter must make the total approved contribution  
5 by the end of the calendar year in which the contribution was  
6 approved.

7 (2) A person that does not make a contribution as required in  
8 subsection (1) of this section forfeits all credits for the approved  
9 contribution.

10 NEW SECTION. **Sec. 6.** The definitions in this section apply  
11 throughout this chapter unless the context clearly requires  
12 otherwise.

13 (1) "Applicant" means a person applying for a tax credit under  
14 this chapter.

15 (2) "Contribution" means cash contributions.

16 (3) "Eligible employees" are employees with a normal workweek of  
17 at least thirty-five hours and annual earnings from the employer of  
18 less than fifty-five thousand dollars.

19 (4) "Person" has the meaning given in RCW 82.04.030.

20 (5) "Qualified educational expenses" means the cost of tuition,  
21 fees, room and board, supplies, equipment, and books related to  
22 enrollment in: An institution of higher education, as defined in RCW  
23 28B.10.016, a degree-granting institution under RCW 28B.85.010, or a  
24 private vocational school under chapter 28C.10 RCW.

25 NEW SECTION. **Sec. 7.** Chapter 82.32 RCW applies to the  
26 administration of this chapter.

27 NEW SECTION. **Sec. 8.** This chapter expires January 1, 2029.

28 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act  
29 constitute a new chapter in Title 82 RCW.

--- END ---