

# SENATE BILL REPORT

## SB 6614

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As of January 31, 2020

**Title:** An act relating to establishing the rural college promise program.

**Brief Description:** Establishing the rural college promise program.

**Sponsors:** Senators Takko, Wellman, Lovelett, Keiser, Randall, Stanford and Van De Wege.

**Brief History:**

**Committee Activity:** Higher Education & Workforce Development: 2/04/20.

**Brief Summary of Bill**

- Creates the Rural College Scholarship Promise program and pilots it in up to four community or technical colleges.
- Establishes award levels and eligibility criteria including county of residence.
- Requires that the rural college promise award be applied before any other forms of aid.
- Increases the workforce education investment act surcharge on advanced computing businesses and dedicates the revenue to the new Rural College Promise Program Account.

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**SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT**

**Staff:** Alicia Kinne-Clawson (786-7407)

**Background:** Promise Programs. There are currently over 200 promise programs, or free college programs, offered in states and municipalities across the United States. Typically, these programs offer college scholarships to recent high school graduates to cover up to 100 percent of tuition and fees at postsecondary institutions in close proximity to the promise community.

Seattle Promise. Seattle Promise launched in 2018 to create more equitable higher education opportunities for Seattle public school graduates. The program provides the first two years—

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or up to 90 credits—of tuition, additional financial support for books, transportation, housing, or more to those with financial need, and personal guidance to succeed in college. All Seattle public high school graduates are eligible regardless of grade point average, income, or country of birth.

Workforce Education Investment Surcharge. In 2019 the Legislature passed EHB 2158, a three-tiered workforce education investment surcharge established as part of the B&O tax. The first tier of the surcharge is imposed on selected businesses based on their primary business activity. An activity is considered to be a business' primary activity if more than 50 percent of the business' cumulative gross income was generated from engaging in that activity in the entire current or preceding calendar year. Selected business activities include 43 categories of service-related activities, including, but not limited to, architecture and engineering services, legal services, insurance carriers, financial services, medical services, software publishing, scientific research, electronic shopping, telecommunications services, and others.

Under the first tier of the workforce education investment surcharge, if a business is primarily engaged in one or more of the activities described, the surcharge is 20 percent of the total amount of taxes payable by the business on activities taxed under the B&O tax rate for services.

The second tier of the surcharge is imposed on advanced computing businesses that have worldwide gross revenue of more than \$25 billion, but less than \$100 billion. The surcharge is 33.33 percent of the total amount of taxes payable by the business on activities taxed under the B&O tax rate for services.

The third tier of the surcharge is imposed on advanced computing businesses that have worldwide gross revenue more than \$100 billion. The surcharge is 66.66 percent of the total amount of taxes payable by the business on activities taxed under the B&O tax rate for services.

The total amount of surcharge paid by an affiliated advanced computing group must be at least \$4 million, but not more than \$7 million per year.

The 2019 legislation also created the Workforce Education Investment Account (WEIA). All revenues from the workforce education investment surcharges are deposited in the WEIA.

**Summary of Bill:** Rural College Promise Program. The Rural College Promise Program is created and must be piloted in up to four community or technical colleges.

The Rural College Promise award is:

- equivalent to tuition, mandatory fees, and \$500 for books and materials, prorated quarterly; and
- applied before any other aid is received and cannot be reduced as a result of other aid received.

The participating community or technical college campus must be in one of the following counties: Adams, Asotin, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry,

Franklin, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, Skamania, Stevens, Wahkiakum, Walla Walla, Whitman, and Yakima.

Eligible students are those whom:

- are at least 16 years of age and have been a resident of the State of Washington for at least one year;
- are a resident student; and
- are enrolled for at least 3 quarter credits.

An eligible student may receive an award for up to 112 quarter credits.

Joint Legislative Audit and Review Committee Program Review. The Joint Legislative Audit and Review Committee must review the effectiveness of the Rural College Promise Program including:

- changes in attendance rates;
- changes in adult participation; and
- benefits to the communities the programs serve

Modifications to Workforce Education Investment Surcharge. The ceiling on the surcharge imposed on advanced computing businesses is increased from \$7 million annually to \$15 million. The new revenue, above \$7 million, is deposited in the Rural College Promise Account.

**Appropriation:** None.

**Fiscal Note:** Requested on January 27, 2020.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.