
SENATE BILL 5358

State of Washington

67th Legislature

2021 Regular Session

By Senators Gildon, Braun, Darneille, Nguyen, Warnick, and Wellman

Read first time 01/27/21. Referred to Committee on Human Services, Reentry & Rehabilitation.

1 AN ACT Relating to providing incentives to employers to hire
2 certain hard-to-place job seekers; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.16 RCW; creating a new
4 section; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
7 performance statement for the tax preferences contained in sections 2
8 and 3, chapter . . ., Laws of 2021 (sections 2 and 3 of this act).
9 This performance statement is only intended to be used for subsequent
10 evaluation of the tax preference. It is not intended to create a
11 private right of action by any party or be used to determine
12 eligibility for preferential tax treatment.

13 (2) The legislature categorizes these tax preferences as ones
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 (c).

16 (3) It is the legislature's specific public policy objective to
17 encourage the employment of certain unemployed persons, such as
18 persons convicted of a felony, recipients of certain federal or state
19 benefits, and homeless persons. It is the legislature's intent to
20 provide employers a credit against the business and occupation tax or
21 public utility tax for hiring certain unemployed persons which would

1 reduce an employer's tax burden thereby inducing employers to hire
2 and create jobs for such persons. Pursuant to chapter 43.136 RCW, the
3 joint legislative audit and review committee must review the business
4 and occupation tax and public utility tax credit established under
5 sections 2 and 3, chapter . . ., Laws of 2021 (sections 2 and 3 of
6 this act) by December 31, 2030.

7 (4) If a review finds that the number of unemployed persons who
8 meet the criteria in section 2(7)(c)(i) or 3(7)(c)(i) of this act
9 decreased by 30 percent, then the legislature intends for the
10 legislative auditor to recommend extending the expiration date of the
11 tax preference.

12 (5) In order to obtain the data necessary to perform the review
13 in subsection (4) of this section, the joint legislative audit and
14 review committee should refer to unemployment rates available from
15 the employment security department and the bureau of labor
16 statistics.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 (1) A person is allowed a credit against the tax due under this
20 chapter as provided in this section. The credit equals 20 percent of
21 wages and benefits paid to or on behalf of a qualifying employee up
22 to a maximum of \$1,500 for each qualifying employee hired on or after
23 October 1, 2021.

24 (2) No credit may be claimed under this section until a
25 qualifying employee has been employed for at least two consecutive
26 full calendar quarters.

27 (3) Unused credit may be carried over and used in subsequent tax
28 reporting periods, except as provided in subsection (8) of this
29 section. No refunds may be granted for credits under this section.

30 (4) If an employer discharges a qualifying employee for whom the
31 employer has claimed a credit under this section, the employer may
32 not claim a new credit under this section for a period of one year
33 from the date the qualifying employee was discharged. However, this
34 subsection (4) does not apply if the qualifying employee was
35 discharged for misconduct, as defined in RCW 50.04.294, connected
36 with his or her work or discharged due to a felony or gross
37 misdemeanor conviction, and the employer contemporaneously documents
38 the reason for discharge.

1 (5) Credits earned under this section may be claimed only on
2 returns filed electronically with the department using the
3 department's online tax filing service or other method of electronic
4 reporting as the department may authorize. No application is required
5 to claim the credit, but the taxpayer must keep records necessary for
6 the department to determine eligibility under this section including
7 records establishing the person's status as a qualifying employee
8 under subsection (7)(c)(i) and (ii) of this section when hired by the
9 taxpayer.

10 (6) No person may claim a credit against taxes due under both
11 this chapter and chapter 82.16 RCW for the same qualifying employee.

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

14 (a) "Homeless person" has the same meaning as provided in RCW
15 43.185C.010.

16 (b) "Person convicted of a felony" means a person, including a
17 juvenile as defined in RCW 13.40.020, convicted of a felony under
18 state or federal statute who is hired within one calendar year after
19 the last date that the person was convicted or released from a
20 juvenile rehabilitation facility or prison.

21 (c) "Qualifying employee" means a person who meets all of the
22 following requirements:

23 (i) Is a homeless person, a person convicted of a felony, a
24 recipient of food benefits under Title 74 RCW, a recipient of
25 temporary assistance for needy families, a supplemental security
26 income recipient, or a vocational rehabilitation referral;

27 (ii) Was unemployed as defined in RCW 50.04.310 for at least 30
28 days immediately preceding the date that the person was hired by the
29 person claiming the credit under this section; and

30 (iii) Is employed in a permanent full-time position for at least
31 two consecutive full calendar quarters by the person claiming the
32 credit under this section. For seasonal employers, "qualifying
33 employee" also includes the equivalent of a full-time employee in
34 work hours for two consecutive full calendar quarters. For purposes
35 of this subsection (7)(c)(iii), "full-time" means a normal workweek
36 of at least 35 hours.

37 (d) "Recipient of food benefits under Title 74 RCW" means a
38 person between the ages of 18 to 39 who is a recipient of food
39 benefits under Title 74 RCW.

1 (e) "Recipient of temporary assistance for needy families" means
2 a person receiving benefits under chapter 74.12 RCW.

3 (f) "Supplemental security income recipient" means a person
4 receiving federal supplemental security income benefits.

5 (g) "Vocational rehabilitation referrals" means an injured worker
6 referred for vocational rehabilitation services under chapter 51.32
7 RCW.

8 (8) Credits allowed under this section can be earned for tax
9 reporting periods through June 30, 2030. No credits can be claimed
10 after June 30, 2031.

11 (9) This section expires July 1, 2031.

12 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16
13 RCW to read as follows:

14 (1) A person is allowed a credit against the tax due under this
15 chapter as provided in this section. The credit equals 20 percent of
16 wages and benefits paid to or on behalf of a qualifying employee up
17 to a maximum of \$1,500 for each qualifying employee hired on or after
18 October 1, 2021.

19 (2) No credit may be claimed under this section until a
20 qualifying employee has been employed for at least two consecutive
21 full calendar quarters.

22 (3) Unused credit may be carried over and used in subsequent tax
23 reporting periods, except as provided in subsection (8) of this
24 section. No refunds may be granted for credits under this section.

25 (4) If an employer discharges a qualifying employee for whom the
26 employer has claimed a credit under this section, the employer may
27 not claim a new credit under this section for a period of one year
28 from the date the qualifying employee was discharged. However, this
29 subsection (4) does not apply if the qualifying employee was
30 discharged for misconduct, as defined in RCW 50.04.294, connected
31 with his or her work or discharged due to a felony or gross
32 misdemeanor conviction, and the employer contemporaneously documents
33 the reason for discharge.

34 (5) Credits earned under this section may be claimed only on
35 returns filed electronically with the department using the
36 department's online tax filing service or other method of electronic
37 reporting as the department may authorize. No application is required
38 to claim the credit, but the taxpayer must keep records necessary for
39 the department to determine eligibility under this section including

1 records establishing the person's status as a qualifying employee
2 under subsection (7)(c)(i) and (ii) of this section when hired by the
3 taxpayer.

4 (6) No person may claim a credit against taxes due under both
5 chapter 82.04 RCW and this chapter for the same qualifying employee.

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

8 (a) "Homeless person" has the same meaning as provided in RCW
9 43.185C.010.

10 (b) "Person convicted of a felony" means a person, including a
11 juvenile as defined in RCW 13.40.020, convicted of a felony under
12 state or federal statute who is hired within one calendar year after
13 the last date that the person was convicted or released from a
14 juvenile rehabilitation facility or prison.

15 (c) "Qualifying employee" means a person who meets all of the
16 following requirements:

17 (i) Is a homeless person, a person convicted of a felony, a
18 recipient of food benefits under Title 74 RCW, a recipient of
19 temporary assistance for needy families, a supplemental security
20 income recipient, or a vocational rehabilitation referral;

21 (ii) Was unemployed as defined in RCW 50.04.310 for at least 30
22 days immediately preceding the date that the person was hired by the
23 person claiming the credit under this section; and

24 (iii) Is employed in a permanent full-time position for at least
25 two consecutive full calendar quarters by the person claiming the
26 credit under this section. For seasonal employers, "qualifying
27 employee" also includes the equivalent of a full-time employee in
28 work hours for two consecutive full calendar quarters. For purposes
29 of this subsection (7)(c)(iii), "full-time " means a normal workweek
30 of at least 35 hours.

31 (d) "Recipient of food benefits under Title 74 RCW" means a
32 person between the ages of 18 to 39 who is a recipient of food
33 benefits under Title 74 RCW.

34 (e) "Recipient of temporary assistance for needy families" means
35 a person receiving benefits under chapter 74.12 RCW.

36 (f) "Supplemental security income recipient" means a person
37 receiving federal supplemental security income benefits.

38 (g) "Vocational rehabilitation referrals" means an injured worker
39 referred for vocational rehabilitation services under chapter 51.32
40 RCW.

1 (8) Credits allowed under this section can be earned for tax
2 reporting periods through June 30, 2030. No credits can be claimed
3 after June 30, 2031.

4 (9) This section expires July 1, 2031.

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