



PROPOSED STUDY QUESTIONS 2024 Tax Preference Review: Customized Workforce Training

State of Washington Joint Legislative Audit and Review Committee

September 2023

Businesses that provide customized workforce training to their employees may be eligible for a B&O tax credit

Businesses that contract with the State Board for Community and Technical Colleges (SBCTC) to provide employee training may take a B&O tax credit valued at 50% of the training costs. Under the contract, the SBCTC pays the full cost of training from a revolving loan fund. After training is complete, the business repays the SBCTC.

Preference intended to provide training assistance that retains and expands existing Washington businesses

JLARC first reviewed this preference in 2020 ([report](#)). The Legislative Auditor concluded that the preference was not meeting the stated intent of attracting new businesses to Washington.

In 2021, the Legislature changed the preference’s intent. The preference now focuses on retaining and expanding existing businesses in Washington.

The preference is set to expire on July 1, 2026. However, the Legislature stated that it intends to extend the expiration date if 75% of participating businesses complete the training and repay the SBCTC.

This study will address the following questions

Study questions define the scope of the audit, based on the study mandate. They reflect preliminary outreach, research, and analysis of potential racial equity considerations per RCW 44.28.076.

1. To what extent have Washington businesses continued to use the customized workforce training credit since JLARC’s review in 2020?
 - a. How many and what types of businesses have applied for the credit? Where are beneficiary businesses located?
 - b. How many employees have been trained, and what types of training have been provided using the program?
 - c. How long have beneficiary businesses been operating in Washington and have they expanded since completing the training?
2. What are the racial and ethnic characteristics of those who use the credit and the employees who are trained?
3. What percentage of businesses have completed the training and repaid the customized employment training program loan from the SBCTC?

Study timeframe

Preliminary Report: July 2024

Proposed Final Report: December 2024

Study team

Team Lead	Eric Whitaker	(360) 786-5618	eric.whitaker@leg.wa.gov
Research Analyst	Dana Lynn	(360) 786-5177	dana.lynn@leg.wa.gov
Project Coordinator	Stephanie Hoffman	(360) 786-5297	stephanie.hoffmann@leg.wa.gov
Legislative Auditor	Eric Thomas	(360) 786-5182	eric.thomas@leg.wa.gov





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JLARC Study Process

