
HOUSE BILL 1564

State of Washington

69th Legislature

2025 Regular Session

By Representatives Penner, Hill, Bernbaum, Nance, Dent, Schmidt, Barkis, and Abbarno

1 AN ACT Relating to supporting employers providing child care
2 assistance to employees by establishing a business and occupation and
3 public utility tax credit; adding a new section to chapter 82.04 RCW;
4 adding a new section to chapter 82.16 RCW; creating a new section;
5 and providing expiration dates.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04
8 RCW to read as follows:

9 (1) Beginning January 1, 2026, a person is allowed a credit
10 against the tax imposed in this chapter equal to 100 percent of the
11 costs related to providing child care assistance to employees.

12 (2) The credit claimed may not exceed the tax that would
13 otherwise be due under this chapter. Refunds may not be granted in
14 place of credits. Any amount of credit earned under this section not
15 claimed by the taxpayer in one calendar year may be carried forward
16 for no more than one calendar year immediately following the year
17 that the credit was earned.

18 (3) No person may claim a credit against taxes due under both
19 this chapter and chapter 82.16 RCW for the same child care assistance
20 costs.

1 (4) The department must administer the credit. To claim a credit
2 under this section, the person applying must complete an application
3 for credit based on qualifying expenditures incurred by the eligible
4 person the previous calendar year. The department must rule on
5 applications within 60 days of receipt. The department may extend the
6 time of processing an application upon notice to the person and by
7 providing the person an explanation of why the application processing
8 cannot be completed on time.

9 (5) To claim a credit under this section, a person must
10 electronically file with the department all returns, forms, and other
11 information the department requires in an electronic format as
12 provided and approved by the department. Any return, form, or
13 information required to be filed in electronic format under this
14 section is not filed until received by the department in an
15 electronic format. For purposes of this subsection, "returns" has the
16 same meaning as "return" in RCW 82.32.050.

17 (6) For purposes of this section, "child care assistance" means:

18 (a) The portion of an employee's salary or wage that is provided
19 by the employer to the employee to be used to offset the employee's
20 expenses related to child care, including tuition; and

21 (b) Expenses related to the costs for the employer to provide in-
22 house child care for employees.

23 (7) Credits may be earned under this section until January 1,
24 2037.

25 (8) This section expires January 1, 2038.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16
27 RCW to read as follows:

28 (1) Beginning January 1, 2026, a person is allowed a credit
29 against the tax imposed in this chapter equal to 100 percent of the
30 costs related to providing child care assistance to employees.

31 (2) The credit claimed may not exceed the tax that would
32 otherwise be due under this chapter. Refunds may not be granted in
33 place of credits. Any amount of credit earned under this section not
34 claimed by the taxpayer in one calendar year may be carried forward
35 for no more than one calendar year immediately following the year
36 that the credit was earned.

37 (3) No person may claim a credit against taxes due under both
38 this chapter and chapter 82.04 RCW for the same child care assistance
39 costs.

1 (4) The department must administer the credit. To claim a credit
2 under this section, the person applying must complete an application
3 for credit based on qualifying expenditures incurred by the eligible
4 person the previous calendar year. The department must rule on
5 applications within 60 days of receipt. The department may extend the
6 time of processing an application upon notice to the person and by
7 providing the person an explanation of why the application processing
8 cannot be completed on time.

9 (5) To claim a credit under this section, a person must
10 electronically file with the department all returns, forms, and other
11 information the department requires in an electronic format as
12 provided and approved by the department. Any return, form, or
13 information required to be filed in electronic format under this
14 section is not filed until received by the department in an
15 electronic format. For purposes of this subsection, "returns" has the
16 same meaning as "return" in RCW 82.32.050.

17 (6) For purposes of this section, "child care assistance" means:

18 (a) The portion of an employee's salary or wage that is provided
19 by the employer to the employee to be used to offset the employee's
20 expenses related to child care, including tuition; and

21 (b) Expenses related to the costs for the employer to provide in-
22 house child care for employees.

23 (7) Credits may be earned under this section until January 1,
24 2037.

25 (8) This section expires January 1, 2038.

26 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
27 performance statement for the tax preferences contained in sections 1
28 and 2, chapter . . ., Laws of 2025 (sections 1 and 2 of this act).
29 This performance statement is only intended to be used for subsequent
30 evaluation of the tax preferences. It is not intended to create a
31 private right of action by any party or to be used to determine
32 eligibility for preferential tax treatment.

33 (2) The legislature categorizes these tax preferences as ones
34 intended to provide tax relief for certain businesses or individuals,
35 as indicated in RCW 82.32.808(2)(e).

36 (3) It is the legislature's specific public policy objective to
37 provide reduced tax liability for businesses that provide child care
38 assistance for employees.

1 (4) If a review finds that the tax preferences increase the
2 number of businesses in the state that provide child care assistance
3 for employees by 15 percent, then the legislature intends to extend
4 the expiration date of the tax preferences.

5 (5) In order to obtain the data necessary to perform the review
6 in subsection (4) of this section, the joint legislative audit and
7 review committee may refer to any data collected by the state.

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