
SUBSTITUTE HOUSE BILL 2322

State of Washington

68th Legislature

2024 Regular Session

By House Finance (originally sponsored by Representatives Senn, Thai, Reed, Ryu, Alvarado, Ramel, Riccelli, Paul, and Pollet)

1 AN ACT Relating to creating a tax preference child care
2 requirement; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that high
5 quality child care is critical to a child's success. The legislature
6 recognizes the high cost of child care for parents can be a
7 significant financial burden on families, as a report from the
8 department of commerce in 2022 finds that the cost of child care is a
9 disproportionate burden on Washington families. Washington is ranked
10 ninth in the country for most expensive infant care and child care is
11 more expensive than college. Parents spend 20 percent of a median
12 family's income on child care for one child and 35.5 percent on child
13 care for two children.

14 (2) The legislature finds that access to affordable child care
15 increases economic growth and labor force participation and that an
16 affordable and accessible system of high quality child care is
17 necessary to the health of Washington's economy because employers
18 benefit when parents have safe, stable, and appropriate care for
19 their children. The legislature recognizes that many working parents
20 are forced to reduce their hours, decline promotional opportunities,

1 or leave the workforce due to a lack of affordable child care
2 options.

3 (3) The legislature finds that there are 195 business and
4 occupation tax incentives available for businesses in Washington and
5 that these incentives saved businesses nearly \$7,400,000,000 in
6 fiscal year 2023.

7 (4) The legislature finds that when employers are invested in
8 assisting employees with their child care needs, both parties
9 benefit. The legislature intends to encourage employers to take an
10 active role in assisting employees with child care costs by passing
11 on a portion of the benefits they receive from business and
12 occupation tax incentives.

13 NEW SECTION. **Sec. 2.** (1) The office of financial management
14 shall facilitate the creation of a report in collaboration with
15 businesses, labor representatives, child care advocates, parent
16 groups, legislators, and state agencies, including, but not limited
17 to:

- 18 (a) The department of commerce;
- 19 (b) The department of children, youth, and families;
- 20 (c) The employment security department;
- 21 (d) The department of revenue; and
- 22 (e) The department of social and health services.

23 (2) The report must study existing employer-provided child care
24 programs, explore various funding options, and include
25 recommendations to help support and expand access to child care and
26 how businesses can be a part of the solution to fund child care.

27 (3) The report must evaluate current available information and
28 data including, but not limited to:

- 29 (a) Data and research related to existing employer-supported
30 child care programs within Washington and in the United States;
- 31 (b) Information regarding the categories of business and
32 occupation tax incentives provided by the state and the economic
33 impact of a business and occupation child care requirement on
34 employers; and
- 35 (c) Best practices for employer-supported child care programs.

36 (4) In accordance with RCW 43.01.036, the office of financial
37 management must report its findings and recommendations to the
38 appropriate committees of the legislature by December 31, 2024. The
39 report must include recommendations for at least three business and

1 occupation tax preferences that incentivize businesses to provide
2 employer-supported child care to their employees.

3 (5) For purposes of this section, "employer-supported child care"
4 includes:

5 (a) A licensed child care center operated at or near the
6 workplace by an employer for the benefit of employees;

7 (b) Financial assistance provided by an employer for licensed
8 child care expenses incurred by an employee; and

9 (c) An annual payment to a state fund that supports the provision
10 of child care to all parents in Washington, such as the fair start
11 for kids account created in RCW 43.216.770.

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