
SECOND SUBSTITUTE SENATE BILL 5468

State of Washington

53rd Legislature

1994 Regular Session

By Senate Committee on Trade, Technology & Economic Development
(originally sponsored by Senators Fraser, Skratek, Pelz and Prentice)

Read first time 02/04/94.

1 AN ACT Relating to private business entities receiving public
2 assistance; adding a new chapter to Title 43 RCW; providing an
3 effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that when public funds
6 are used to support private enterprise, the public may gain through the
7 creation of new jobs, the diversification of the economy, or higher
8 quality jobs for existing workers. The legislature further finds that
9 such returns on public investments are not automatic and that tax-based
10 incentives, in particular, may result in a greater tax burden on
11 businesses and individuals that are not eligible for the public
12 support. It is the purpose of this chapter to collect information
13 sufficient to allow the legislature and the executive branch to make
14 informed decisions about the merits of existing tax-based incentives
15 and loan programs intended to encourage economic development in the
16 state.

17 NEW SECTION. **Sec. 2.** (1) The department of revenue and the
18 department of community, trade, and economic development shall gather

1 such base-line data as is necessary to measure the effect on businesses
2 of any of the following benefits: (a) A loan of one hundred thousand
3 dollars or more from the development loan fund; (b) fifty thousand
4 dollars or more in tax credits under chapter 82.62 RCW; or (c) a
5 deferral of one hundred thousand dollars or more in taxes under chapter
6 82.60 or 82.61 RCW. The departments shall measure the effect of the
7 programs on job creation, company growth, the introduction of new
8 products, the diversification of the state's economy, growth in
9 investments, the movement of firms or the consolidation of firms'
10 operation into the state, and such other factors as the departments
11 select.

12 (2) The departments shall also measure whether the businesses
13 receiving the benefits: (a) Have complied with federal and state
14 requirements for affirmative action in hiring and promotion of its
15 employees; (b) have provided an average wage that is above the average
16 wage paid by firms located in the same county that share the same two-
17 digit standard industrial code; (c) have provided basic health coverage
18 at a level at least equivalent to basic health coverage under chapter
19 70.47 RCW; (d) have complied with all applicable federal and state
20 environmental laws and regulations; (e) have complied with the
21 requirements of all federal and state plant closure laws if reducing
22 operations at a facility or relocating a facility; (f) have continued
23 to recognize, if purchasing or relocating a facility within the state,
24 any employee organization, whether international or local, that is a
25 signatory to a collective bargaining agreement; (g) have, if totally
26 closing or relocating a facility, made good faith offers of sale at
27 fair market values for the plant equipment, and inventory to the agents
28 who represent a majority of the employees of the employer, who are
29 seeking to form an employee-owned or, in combination with others, a
30 jointly owned business at the facility being closed or relocated; and
31 (h) meet any five of the following criteria for being a higher
32 performing work organization:

33 (i) Demonstrates a commitment to continuous improvement of products
34 and services and cost reductions for such products and services;

35 (ii) Encourages decentralized decision making, worker participation
36 at all levels, and greater reliance on front line workers;

37 (iii) Has developed a worker-management relationship based on
38 consideration of mutual interest and concerns;

1 (iv) Has adopted an organizational structure which includes
2 flexible, cross-functional teams responsible for training, customer
3 service, operational problem solving, and product design and
4 development;

5 (v) Has cultivated an environment which permits a manager to assume
6 motivational and leadership functions, including, but not limited to,
7 long-range planning, coaching, and facilitation, rather than limiting
8 the role of the manager to that of an enforcer;

9 (vi) Demonstrates a commitment to ongoing training of all workers,
10 including front-line staff;

11 (vii) Has implemented a flexible benefits program and innovative
12 compensation schemes, including, but not limited to, profit-sharing,
13 gain-sharing, skill-based pay, and pay-for-performance systems;

14 (viii) Demonstrates a commitment to a safe and healthful workplace;

15 (ix) Solicits suggestions from customers and suppliers for
16 designing and developing products and services; and

17 (x) Demonstrates a commitment to delivering a greater variety of
18 high quality products at lower cost through manufacturing innovations
19 such as concurrent engineering, flexible manufacturing, and just-in-
20 time production.

21 (3) Businesses applying for one of the benefits specified in
22 subsection (1) of this section shall submit employment impact estimates
23 to the departments specifying the number and types of jobs, with wage
24 rates and benefits for those jobs, that the business submitting the
25 application expects to be eliminated, created, or retained on the
26 project site and on other employment sites of the business in
27 Washington as a result of the project that is the subject of the
28 application. The departments shall make the employment impact
29 estimates available for review and comment by employees who may be
30 displaced, employee organizations or state-wide organizations
31 representing employees, the local economic development council or
32 associate development organization, and other affected or interested
33 community organizations or associations.

34 (4) The departments shall specify that upon a certain date or
35 dates, the businesses which receive one of the benefits specified in
36 subsection (1) of this section shall submit to the department an
37 employment impact statement stating the net number and types of jobs
38 eliminated, created, or retained, with the wage rates and benefits for

1 those jobs, by the business in Washington as a result of the benefit
2 received.

3 (5) The departments shall report their findings to the executive-
4 legislative committee on economic development policy by September 1,
5 1995.

6 (6) The executive-legislative committee on economic development
7 policy shall evaluate the departments' report and make recommendations
8 to the governor and the legislature on the continuation of the benefit
9 programs and any conditions under which they should operate if they are
10 to continue.

11 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act shall
12 constitute a new chapter in Title 43 RCW.

13 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and shall take
16 effect March 1, 1994.

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