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SENATE BILL 5557

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State of Washington

55th Legislature

1997 Regular Session

By Senators Brown, Heavey, Patterson, Franklin, Sheldon, Fairley, Spanel, Kohl, Fraser, Goings and Thibaudeau

Read first time 01/31/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to private business entities supported by state  
2 economic development programs; amending 1994 c 302 s 1 (uncodified);  
3 and adding a new chapter to Title 43 RCW.

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

5 **Sec. 1.** 1994 c 302 s 1 (uncodified) is amended to read as follows:

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

1        NEW SECTION.     **Sec. 2.** Unless the context clearly requires  
2 otherwise, the definitions in this section apply throughout this  
3 chapter.

4        (1) "Assistance" means a grant, loan, bond, tax deferral, or tax  
5 abatement program administered by the state in which the business  
6 receives assistance of more than twenty-five thousand dollars.

7        (2) "Department" means the department of community, trade, and  
8 economic development.

9        (3) "Director" means the director of the department of community,  
10 trade, and economic development.

11       NEW SECTION.     **Sec. 3.** (1) A private business that receives state  
12 assistance for economic development or job growth purposes must create  
13 a net increase in jobs in this state within two years of receiving the  
14 assistance unless the advisory committee established in section 4(3) of  
15 this act finds that this requirement is inconsistent with other  
16 economic development goals established for the program providing the  
17 assistance. The government agency providing the assistance shall  
18 establish goals for wage and benefit levels and job creation or  
19 retention that are to be met by the business receiving the assistance.  
20 The department shall provide advice and consultation for establishing  
21 these goals, with the assistance of the committee created in section  
22 4(3) of this act.

23        (2) A business that fails to meet the goals established pursuant to  
24 subsection (1) of this section must repay the assistance to the  
25 government agency.

26        (3) Each government agency providing assistance to a private  
27 business shall report the goals for wage and benefit levels and job  
28 creation or retention and the results for each project in achieving  
29 those goals to the department. The department shall compile and  
30 publish the results of the reports for the previous calendar year by  
31 July 1st each year. The reports of the agencies to the department and  
32 the compilation report of the department must be made available to the  
33 appropriate committees of the legislature and the public.

34       NEW SECTION.     **Sec. 4.** (1) Beginning with the fiscal year ending  
35 June 30, 1998, and each fiscal year thereafter, the director shall  
36 analyze the effect of all state assistance to private business on the  
37 aggregate number of jobs created or retained and wages and benefits

1 paid in those new jobs. Following consultation with the business  
2 assistance advisory committee, the director shall report the results of  
3 the analysis to the appropriate committees of the legislature.

4 (2) After the enactment of business-related tax expenditure  
5 legislation, the department must establish measurable goals for wage  
6 and benefit levels and job creation or retention. The director shall  
7 biennially review the merits of continuing the new legislation based on  
8 the meeting of the goals set. Following consultation with the business  
9 assistance advisory committee, the director shall report the results of  
10 the review to the appropriate committees of the legislature.

11 (3)(a) The business assistance advisory committee is established in  
12 the department. Its members shall be appointed by September 1, 1997.  
13 The role of the committee shall be to advise the department in  
14 establishing goals for wage and benefit levels and job creation or  
15 retention, to analyze the effect of state assistance to private  
16 business on the established goals, to monitor state economic policy  
17 impacts on the economy, and to review drafts of the reports required  
18 under this section.

19 (b) The committee shall consist of eleven members appointed by the  
20 governor. Three members of the committee must represent labor, three  
21 members must represent business, and five members must represent  
22 agencies with one member from each of the following: The department of  
23 community, trade, and economic development; the department of revenue;  
24 the work force training and education coordinating board; the office of  
25 financial management; and the labor market and economic analysis  
26 section of the employment security department. The members  
27 representing labor must be appointed from a list of names submitted to  
28 the governor by an organization, state-wide in scope, that through its  
29 affiliates embraces a cross section and a majority of the organized  
30 labor of the state. The members representing business must be  
31 appointed from a list of names submitted to the governor by a  
32 recognized state-wide organization of employers representing a majority  
33 of employers. The labor and business members of the committee shall  
34 serve for terms of four years, except that for initial appointments,  
35 one labor representative and one business representative must be  
36 appointed to a two-year term and one labor representative and one  
37 business representative appointed to a three-year term.

1        NEW SECTION.   **Sec. 5.**   The director shall adopt rules necessary to  
2   implement this chapter.   The rules shall include a definition of  
3   "receipt of assistance" that begins the time frame for the two-year  
4   requirement of section 3 of this act after all necessary permits have  
5   been obtained.

6        NEW SECTION.   **Sec. 6.**   Sections 2 through 5 of this act constitute  
7   a new chapter in Title 43 RCW.

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