

SENATE BILL REPORT

2SHB 1252

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, March 30, 2009

Title: An act relating to wage criteria used by the community economic revitalization board to determine project selection.

Brief Description: Concerning the community economic revitalization board's project selection criteria.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Kenney, Smith, Bailey, Seaquist, Haler, Kristiansen, Kelley and Herrera; by request of Department of Community, Trade and Economic Development).

Brief History: Passed House: 3/05/09, 95-2.

Committee Activity: Economic Development, Trade & Innovation: 3/18/09, 3/30/09 [DPA].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass as amended.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide and Kilmer.

Staff: Jack Brummel (786-7428)

Background: The Legislature established the Study Committee on Public Infrastructure Programs and Funding Structures in 2007. The committee determined, among other things, that economic development resources should promote family wage jobs as well as job growth and retention. The committee's recommendations included a recommendation that Community Economic Revitalization Board (CERB) funding criteria prioritize projects compatible with statewide policy goals.

CERB is charged with financing publicly-owned economic development infrastructure improvements that encourage new business development and expansion. Staffing for CERB is provided by the Department of Community, Trade, and Economic Development. The CERB program provides local governments low-interest loans and grants to help finance public facility projects. Assistance is primarily targeted to rural communities. CERB

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

financing can be used for public facilities including bridges, roads, domestic and industrial water projects, sanitary and storm sewers, and railroad spurs.

In 2008 the Legislature passed legislation requiring that applicants for CERB funds demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will exceed the countywide median hourly wage. The median is the middle value, below and above which lie an equal number of values.

The 2008 legislation also required CERB to prioritize proposed projects according to a number of factors.

Summary of Bill (Recommended Amendments): Applicants for CERB funds must demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will not be lower than 5 percent below the countywide median hourly wage of the private sector. For counties with unemployment that is 150 percent or more of state unemployment, the median hourly wage of the private sector jobs created is to be no lower than 10 percent below the countywide median hourly wage of the private sector.

CERB is to exclude federal contract employment wages when calculating the county's median wages for private sector jobs in rural counties where federal contract employment exceeds 10,000.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Amendments): The second substitute bill eliminated the statutory provision requiring that applicants for CERB funds demonstrate convincing evidence that the median hourly wage of the private sector jobs created after the project is completed will exceed the countywide median hourly wage. The amendment restores and amends this provision.

The amendment eliminates changes to the statutory provisions regarding board prioritization of projects.

Appropriation: None.

Fiscal Note: Requested on March 17, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Second Substitute House Bill: PRO: Threshold wage requirements were a signal to CERB about the importance of high wages. CERB will implement any policy the Legislature determines. The median wage requirement may put some rural counties at a disadvantage. There should be a level playing field. The bill has a lot of steps but CERB is capable of doing the due diligence.

OTHER: There is no definition of what health care and retirement benefits are. References to job creation, rate of return, increase in tax returns, and relative benefit are all gone. It would be good to better align this with the Economic Development Commission strategic plan.

Persons Testifying: PRO: Tom Truelove, CERB; Matt Matayoshi, Mason County Economic Development Council.

OTHER: Ginger Eagle, Washington Public Ports Association.