

# SENATE BILL REPORT

## SB 5075

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As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, February 18, 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:** Senators Hatfield, Hewitt, Kilmer and Shin; by request of Department of Community, Trade and Economic Development.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/04/09, 2/18/09 [DPS].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** That Substitute Senate Bill No. 5075 be substituted therefor, and the substitute bill do pass.

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

**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

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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.

**Summary of Bill (Recommended Substitute):** 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 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.

**EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute):** The original bill language is not used. The original bill eliminated the requirement 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 and replaced it with a requirement that when considering construction projects, CERB first consider whether an application demonstrates convincing evidence that the annual average wage of the private sector jobs created will meet or exceed the countywide annual average private sector wage. The original bill also directed CERB to exclude federal contract employment wages when calculating the county's average annual wages for private sector jobs in rural counties where federal contract employment exceeds 10,000.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This eliminates the threshold and allows CERB to look at other things. This will ensure that the state won't miss out on economic development opportunities in the future. Removing the threshold lets an applicant in the door.

**Persons Testifying:** PRO: Marie Sullivan, CTED; Ginger Eagle, Washington Public Ports Association.