

# HOUSE BILL REPORT

## E2SSB 5342

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### As Passed House - Amended:

April 13, 1995

**Title:** An act relating to economic and employment impact of natural resources harvest variation in rural communities.

**Brief Description:** Redefining the program to aid rural natural resources impact areas.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Swecker, Hargrove, Owen, Spanel and Rasmussen; by request of Governor Lowry).

### Brief History:

#### Committee Activity:

Trade & Economic Development: 3/22/95 [DP];

Appropriations: 3/30/95, 4/3/95 [DPA].

#### Floor Activity:

Amended.

Passed House: 4/13/95, 93-2.

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass. Signed by 12 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Hatfield; Hickel; Mason; Sherstad; Skinner and Valle.

**Staff:** Kenny Pittman (786-7392).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass as amended. Signed by 29 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; G. Fisher; Foreman; Grant; Hickel; Jacobsen; Lambert; Lisk; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Talcott; Thibaudeau and Wolfe.

**Minority Report:** Do not pass. Signed by 1 member: Representative Hargrove.

**Staff:** Susan Nakagawa (786-7145).

**Background:** In 1990, Washington's timber supply was dramatically reduced due to federal action limiting harvest on U.S. Forest Service lands. This severely impacted the state's timber industry, resulting in the loss of 15,000 jobs and economic dislocation throughout numerous rural communities over the past four years.

In an effort to coordinate state assistance to impacted areas, Governor Gardner established the Timber Task Force. In 1991, the Legislature further refined the Timber Assistance Program and increased state resources to impacted areas. In 1993, the Clinton administration adopted a new Forest Management Plan, which reduced historical timber harvest levels on U.S. Forest Service lands. To mitigate the impact of reduced harvest levels, the federal government provided \$1.2 billion over five years to assist timber-dependent communities in the Northwest.

The state's approach to address the needs of timber impact areas is based on a strategy of job training, worker and family assistance, local economic diversification, and timber supply. The state's assistance to timber impact areas includes:

Job Training. Up to 2 years of combined regular and extended unemployment insurance benefits are provided to dislocated workers who are enrolled in an educational job training program. On-the-job training is provided for environmental restoration and enhancement through the Department of Natural Resources, Ecology, and Fish and Wildlife. Access to community colleges and institutions of higher education, along with tuition waivers, is made available to dislocated workers.

Worker and Family Assistance. State human and social service resources are targeted to dislocated workers and their families in impact areas. The services include mortgage and rental assistance, income support, emergency food, medical care, and counseling services.

Economic Diversification. Direct funding is provided to finance needed infrastructure improvements in timber impact areas. Direct funding and technical assistance is provided to promote economic development and job creation. Technical assistance is provided to develop new wood-product manufacturing, and support for local efforts to redirect and expand local economies.

Timber Supply. The Timber Task Force advocates a balanced solution to the federal forest management issue, and promotes a ban on state timber exports to help increase supply for in-state processors.

In April 1994, the U.S. Department of Commerce closed the ocean salmon fishing season. The following May, Governor Lowry proclaimed a state of emergency in those affected counties and requested federal assistance. The Timber Task Force began coordinating the delivery of federal disaster-relief funds to areas affected by the closure of the salmon fishing season. The Timber Task Force also assumed responsibility for identifying state funds needed to complement the federal effort.

The Timber Task Force and its assistance programs are scheduled to terminate on June 30, 1995.

**Summary of Bill:** The focus of the state's targeted assistance to workers in timber impact areas is expanded to include workers and areas affected by the closure of the salmon fishing season. The major revisions are: the Timber Task Force and Timber Task Force Coordinator are renamed the Rural Community Assistance Task Force and Rural Community Assistance Coordinator; the Rural Natural Resources Impact Areas are defined for both nonmetropolitan counties and nonurbanized areas of metropolitan counties; and the assistance programs are reauthorized for a 3-year period and extended to salmon impacted communities.

Extended Unemployment Insurance. Dislocated workers in rural natural resources impact areas are eligible to receive up to two years of unemployment insurance benefits provided they are in training. The regular and extended benefits are made available to all dislocated timber and salmon workers. An additional 13 weeks of benefits are provided for individuals that are participating in training programs that is expected to last one year or longer.

Supplemental Enrollment/Tuition Waivers. Participating community, technical, or upper division colleges receive supplemental enrollment allocations and funds to support direct costs for dislocated workers from rural natural resources impact areas. Tuition waivers are provided to a limited number of dislocated workers or spouses for full-time study for up to two years.

Infrastructure Financing. Rural natural resources impact areas are given preference for infrastructure/public works projects funded through the Community Economic Revitalization Board (CERB) and Timber Public Works Trust Fund. At least 50 percent of the funds are targeted to rural natural resources impact areas.

Local Economic Development. Local governments and economic development organizations in rural natural resources impact areas are provided with technical assistance in developing and implementing economic development strategies.

Business Assistance Programs. Financial assistance to individuals and firms located in rural natural resources impact areas are given preference. The projects must create or retain jobs in the impact areas. Technical assistance through the Small Business

Export Finance Assistance is expanded to businesses in rural natural resources impact areas.

The entrepreneurial training program is expanded to include dislocated workers in rural natural resources impact areas. State agencies are directed to expedite the issuance of permits necessary for economic development projects in rural natural resources impact areas.

Employment Opportunities. The environmental restoration and enhancement program is expanded to include dislocated workers in rural natural resources impact areas.

Mortgage and Rental Assistance. The emergency loan and grant program is expanded to include dislocated workers in rural natural resources impact areas who cannot make current mortgage or rental payments due to lack of income.

Social Services. Emergency food and medical assistance, crisis intervention, counseling, and child care services is expanded to include dislocated workers in rural natural resources impact areas.

Studies and Program Assessment. The Economic Recovery Coordination Board and the study on air transportation options in timber impact areas are repealed.

A study on salmon preservation and recovery efforts and likely impacts on certain industries must be presented to the Legislature by January 1996.

The Rural Community Assistance Task Force and programs are subject to the sunset review process and terminates on June 30, 1998. The Task Force must develop a performance measurement system in consultation with the Legislative Budget Committee and Washington Performance Partnership by November 1, 1995. The results from the performance measurement system must be a component of the sunset review.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1995.

**Testimony For:** (Trade & Economic Development) The timber team and its programs are working in our communities. Its success is due to the communities partnership with the federal and state governments. While there are still problems in the areas, we are working to address them. The bill is needed to continue the services

to people in timber-dependent communities and to expand it to people in salmon-dependent communities.

(Appropriations) Many workers are exhausting their timber retraining benefits. This program, in addition to the rental and mortgage assistance program, are critical to timber communities. Without this legislation and extension of unemployment insurance benefits, enrollees will not be able to continue training. Many enrollees have successfully completed training programs and found new employment. Without this legislation, there will be growth in social programs because the timber industry has not "bottomed out." Mills are still closing. The capital infrastructure components are important. The Public Works Trust Fund and the Community Economic Revitalization Board (CERB) program have been critical in filling funding gaps for necessary infrastructure.

**Testimony Against:** (Trade & Economic Development) None.

(Appropriations) None.

**Testified:** (Trade & Economic Development) (Pro) Representative Jim Buck, Sponsor of Companion House Bill; Representative Lynn Kessler; Dean Judd, Governor's Office; Kay Bernethy, Humptulips Food Bank; Seth Dawson, Deaconess Childrens Services; Rick Anderson, Grays Harbor Career Transition Center; Phyllis Shrauger, city of Hoquiam; David McCraney, Department of Community, Trade, and Economic Development; K.D. Rosenberg, Northeast Tri-Counties; and Chuck Bailey, Washington State Labor Council.

(Appropriations) (All in favor) Rep. Lynn Kessler; Rep. Jim Buck; Rep. Bob Basich; Rev. Dan Comsia, Lutheran Public Policy Office; Seth Dawson, Deaconess Child Center; Kenneth Nelson, dislocated worker; John Loyal, Pacific Mountain Private Industry Council; Rick Anderson, Grays Harbor Career Transition Center; Dean Judd, Governor's Rural Community Assistance Team; Commissioner Pat Hamilton, Pacific County; Commissioner Glen Huntingford, Jefferson County; K.O. Rosenberg, NE Tri-counties; and Brent Knott, Association of Western Pulp and Paper Workers.