

HOUSE BILL REPORT

2SHB 1201

As Amended by the Senate

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

Brief Description: Providing for reauthorization of assistance to areas impacted by the rural natural resources crisis.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Buck, Johnson, Sheldon, Blalock, Regala, Linville, Hatfield, Kessler, Tokuda, Anderson, Morris, Zellinsky, Dunn, Conway, Doumit, Ogden, Grant, Mastin, Butler and Murray).

Brief History:

Committee Activity:

Trade & Economic Development: 2/10/97, 2/20/97 [DPS];

Appropriations: 3/3/97, 3/8/97 [DP2S(w/o sub TED)].

Floor Activity:

Passed House: 3/19/97, 76-22.

Senate Amended.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Voloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Trade & Economic Development. Signed by 21 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; Doumit; Benson; Carlson; Cooke; Crouse; Dyer; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; D. Schmidt; Sehlin; Sheahan and Talcott.

Minority Report: Do not pass. Signed by 10 members: Representatives H. Sommers, Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Chopp; Cody; Grant; Keiser; Kenney; Poulsen; Regala and Tokuda.

Staff: Jim Lux (786-7152).

Background: Washington's natural resource-based communities have been impacted by reductions in timber and salmon harvests. In 1990, Washington's timber supply was dramatically reduced due to federal actions limiting harvest on U.S. Forest Service lands. This severely impacted the state's timber industry, resulting in the loss of approximately 20,000 jobs and economic dislocation throughout numerous rural communities over the past six years. In response to the timber harvest reductions, Governor Gardner established the Timber Task Force to coordinate state assistance to impacted areas.

In April 1994, the U.S. Department of Commerce closed the ocean salmon fishing season. The following May, Governor Lowry proclaimed a state 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.

In 1995, the Legislature reauthorized the timber assistance programs and expanded the focus of the state's targeted assistance to include workers affected by the closure of the salmon fishing season. Other changes made to reflect the expanded focus were that (1) the Timber Task Force was renamed the Rural Community Assistance Task Force; (2) the Timber Recover Coordinator was renamed the Rural Community Assistance Coordinator; (3) a Rural Natural Resource Impact Area was defined to include both nonmetropolitan and nonurbanized areas of metropolitan counties; (4) the Rural Community Assistance Task Force was expanded to include the Washington State Department of Agriculture; and (5) the Washington State Rural Development Council was directed to provide input on assistance efforts.

Extended Unemployment Insurance Benefits. Dislocated workers that have exhausted their regular unemployment benefits and who are participating in retraining, are provided an additional benefit eligibility period. The regular and additional benefits can not exceed two years. An additional 13 weeks of benefits are provided for individuals that are participating in a training program that is expected to last one year or longer. To be eligible for the additional unemployment benefits the dislocated worker must (1) reside in or be employed in a rural natural resource impact area, or (2) have earned wages for at least 680 hours in either the forest products industry or the fishing industry. The period for new claims under the extended unemployment insurance benefits program for dislocated workers is scheduled to end July 1, 1997.

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 resource 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. The Department of Community, Trade and Economic Development must give preference to infrastructure/public works projects in rural natural resource impact areas funded through the Community Economic Revitalization Board (CERB) and Timber Public Works Trust Fund. At least 50 percent of the funds are targeted to those areas.

Local Economic Development. Local governments and economic development organizations in rural natural resource impact areas are provided with technical assistance in developing and implementing economic development strategies through various state agencies.

Business Assistance Programs. To assist communities in rural natural resource areas the Department of Community, Trade and Economic Development must give preference to loans made to individuals and firms that create or retain jobs in natural resource impact areas under the Washington Development Loan Fund; provide technical assistance through the Small Business Export Finance Assistance to businesses located in rural natural resource areas, and provide entrepreneurial training to dislocated workers in rural natural resource impact areas: State agencies must expedite the issuance of permits necessary for economic development projects in rural natural resource impact areas.

Employment Opportunities. The Environmental Restoration and Enhancement program provides employment opportunities to dislocated workers in rural natural resource areas.

Mortgage and Rental Assistance. The Emergency Mortgage and Rental Assistance Loan and Grant program provide assistance to dislocated workers in rural natural resource impact areas who cannot make current mortgage or rental payments due to a lack of income.

Social and Supportive Services. The Department of Social and Health Services provides emergency food and medical assistance, crisis intervention, counseling, and child care services to dislocated workers in rural natural resource impact areas.

The Rural Community Assistance Task Force and Coordinator are scheduled to terminate on June 30, 1997. The associated rural natural resource impact area assistance programs are subject to the sunset review process and are scheduled to terminate on June 30, 1998.

Summary of Bill: The Rural Community Assistance Team, the Rural Community Assistance Coordinator, and the various state programs designed to assist dislocated workers and communities in rural natural resource impact areas and dislocated timber and salmon workers on a statewide basis are revised and will continue.

The following definitions for the purposes of the rural natural resource impact area are revised to (a) include a category for nonmetropolitan counties with a population under 40,000, based on 1990 U.S. Census data; (b) include portions of rural areas of some metropolitan counties; and (c) include a person in the finfish industry as a salmon worker.

Extended Unemployment Insurance Benefits. Eligibility for additional unemployment benefits is modified for dislocated natural resource workers pertaining to retraining. Dislocated workers must now (1) reside in or be employed in a rural natural resource impact area, and (2) have earned wages for at least 680 hours in either the forest products or the fishing industry. The dislocated worker must also have received notification of job termination or layoff. The period for new claims under the extended unemployment insurance benefits program for dislocated workers is extended from July 1, 1997 to July 1, 2000.

Supplemental Enrollment/Tuition Waivers. The requirement for the tuition waivers is revised so that the dislocated worker or spouse may get all or part of the tuition waived up to a maximum of 90 quarter hours or 60 semester hours within four years. The participant must enroll in a minimum of five credit hours per quarter or three credit hours per semester.

Infrastructure Financing. The Community Economic Revitalization Board (CERB) program is revised to (a) increase the amount of funds designated to distressed counties or rural natural resource impact areas from 50 percent to 75 percent of the allocation per biennium; and (b) extend the use of CERB funds in distressed counties and rural natural resource areas from June 30, 1997 to June 30, 2000.

The Public Works Trust Fund Rural Natural Resource program is allowed to expire.

Local Economic Development. The Department of Community, Trade, and Economic Development's assistance to communities impacted by reduction in timber harvests is expanded to include salmon fishing. The department must use existing technical and financial assistance resources to aid communities in developing high priority community economic development projects.

The department's community assistance program designed to build local capacity for sustainable economic development is repealed.

Sunset Review Extensions -- Programs. The sunset review date for rural natural resource impact area programs is extended from June 30, 1998 to June 30, 2000. The repeal date of the programs is extended from June 30, 1999 to June 30, 2001.

The extension of the sunset review date and associated repealer applies to: (a) the Rural Community Assistance Team and Coordinator; (b) the extended unemployment insurance benefits program; (c) the supplemental enrollment/tuition waiver program; (d) the Department of Community, Trade and Economic Development's infrastructure financing programs and technical assistance to local communities; (d) the Department of Community, Trade and Economic Development's business assistance programs; (e) the Employment Security Department's training and services programs for rural natural resource impact areas and employment opportunities in environmental enhancement and restoration program; and (f) the state agency streamlined approval process for economic development projects in rural natural resource impact areas.

EFFECT OF SENATE AMENDMENT(S): The definition for eligibility for the additional unemployment insurance benefits period is revised so that a person must reside in a county with an unemployment rate in 1996 that is at least 20 percent or more above the state average and at least 15 percent above their own county unemployment rate in 1988 and the county meet one of the following criteria: (1) the lumber and woods product employment quotient is at least three times the state average and the county has experienced actual job loss in those industries since 1988 of 100 jobs or more or 50 jobs or more in a county with a population of 40,000 or less; or (2) the commercial salmon fishing employment quotient is at least three times the state average and the county has experienced actual job loss in that industry since 1988 of 100 jobs or more or 50 jobs or more in a county with a population of 40,000 or less.

The number of hours earned in a base year to be eligible for additional unemployment benefits is increased from 680 hours to at least 1,000 hours and the person must be classified as a displaced worker-- by the Employment Security Department. The base year hours to be eligible for additional unemployment insurance benefits for workers in the forest products and fishing industry is increased from 680 hours to 1,000 hours.

The Employment Security Department must determine that the forest products or fishing industry worker is unlikely to return to employment in that industry because of diminishing demand within the labor market.

After April 1, 1998, the Employment Security Department is required to redetermine a new list of eligible and ineligible counties based on 1988 and 1989 employment rates. Changes in county eligibility only apply to new claims for regular unemployment insurance made after April 1, 1998.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency and takes effect on July 1, 1997.

Testimony For: (Trade & Economic Development) While we are making progress, we are still faced with a problem in the resource based areas of the state. These areas have not kept pace with the economic growth experienced in the central Puget Sound Region. The assistance provided to the rural areas is vital to our recovery efforts. The timber retraining benefits provide needed worker retraining in another area and limits the disruption to the lives of families. The benefits are making a difference in peoples lives, but we believe that they have grown beyond their original scope. Expansion of eligibility for unemployment insurance benefits in 1995, is causing businesses rates to go up. We need to refocus the program back to its original purpose.

(Appropriations) Many people who have lost their jobs due to the decline in the timber and fishing industries have benefitted from the retraining and additional unemployment benefits provided by this program. Employers in distressed communities also benefit and keep people employed because dislocated workers are spending their unemployment benefit payments in those local communities. Individuals are being retrained and opening their own businesses. Their local economies remain viable as a result. People can focus and stay in school to complete their training without having to drop out because they have to work to feed themselves and their families.

Testimony Against: (Trade & Economic Development) None.

(Appropriations) The program is too broad and provides training and extended unemployment benefits to more people than was originally intended. The program needs to be scaled back. Washington has one of the six highest unemployment tax rates in the country, which is twice the national average.

Testified: (Trade & Economic Development) Representative Buck, prime sponsor (pro); Representative Kessler, sponsor (pro); William Christiansen (pro); Christopher Coty (pro) Rodger Downs (pro); Keith Johnson (pro); Art Hill (pro); Eric Stubb (pro); Cliff Finch, Association of Washington Business (pro, with concerns); Dale Turey, Washington Hospital Services (pro, with concerns); Darrel Pickett (pro); Charles Sundberg, Grays Harbor Career Transition Center (pro); Marny Hannan, Clallam County Economic Development Council (pro); Dean Judd, Governor's Office (pro); Bruce Williams (pro); Terry Westfall (pro); Steve Wyman (pro); Dick Dixon, Grays Harbor County Commissioner (pro); Jan Jackson, Grays Harbor Churches Community Outreach (pro); Harold Abby and Tom James, Association of Washington

Pulp and Paper Workers (pro); Leon Lead, Grays Harbor College (pro); and Harriette Buchmann, North Olympic Timber Action (pro).

(Appropriations) Representative Buck, prime sponsor; Leroy Tipton, Grays Harbor Chamber of Commerce; Clarence Russell, former business owner; K.C. Johnson, Heavy User Computers; Stan Johnson, Harbor Computer Consulting; George Blevins, college student; Christopher Coty, college student and Army vet; Jan Jackson, Harbor Churches Community Outreach; Ron Schmidt, Grays Harbor Career Transition Center; Seth Dawson, Common Ground for Children; Mariska Alexander and Paula Cox, Darrington Family Support & Resource Center; Ron Hanson, worker; Harold Abbe.