

SENATE BILL REPORT

SB 5727

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, March 5, 2001

Title: An act relating to subsidy disclosure.

Brief Description: Providing for subsidy disclosure.

Sponsors: Senators Prentice and Winsley.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/12/01, 3/5/01 [DPS, DNP].

Ways & Means: 3/8/01.

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5727 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Deccio, Fairley, Franklin, Patterson, Rasmussen, Regala, West and Winsley.

Minority Report: Do not pass.

Signed by Senators Benton and Honeyford.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

Background: Grants, subsidies, tax exemptions or deferrals or similar benefits to businesses or a group of businesses are sometimes justified by the creation of new jobs.

There is no systematic method for monitoring whether the subsidy does in fact result in new jobs, or the quality of jobs created.

Summary of Substitute Bill: For-profit and some nonprofit business must compile a report by August 1 of each year listing a variety of information about subsidies received, and the jobs created together with their hourly wages. The report must be filed with the agency granting the subsidy and the Department of Revenue (DOR). The report must be completed prior to the receipt of additional subsidies.

Local government and state agencies must file a report each year with DOR listing all business subsidies they have awarded. DOR must publish a compilation and summary of the results of the reports by December 1 of each year, and provide certain specified analysis.

The bill applies to subsidies or appropriations granted or made after July 1, 2001.

Substitute Bill Compared to Original Bill: The definition of wage bands is changed and a model report form is added in the substitute. Penalties and sanctions in the original bill are removed.

Appropriation: None.

Fiscal Note: Requested on February 9, 2001.

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

Testimony For: Washington doesn't have a good data base on subsidies and whether program goals are being met. The bill would allow for the collection of information and the evaluation of the effectiveness of economic development subsidies.

Testimony Against: Tax credits and grants are set up for a number of goals and everything should not be judged just by job and wage criteria. The bill would cover too many businesses.

Testified: PRO: Jeff Johnson, WA St. Labor Council; Sarah Burton, WA Assoc. of Churches; Rev. Paul Benz, Lutheran Public Policy Office; CON: Clif Finch, AWB.