

**SENATE BILL REPORT**

**E2SSB 5468**

**AS PASSED SENATE, FEBRUARY 15, 1994**

**Brief Description:** Imposing requirements for businesses that receive public assistance.

**SPONSORS:** Senate Committee on Trade, Technology & Economic Development (originally sponsored by Senators Fraser, Skratek, Pelz and Prentice)

**SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT**

**Majority Report:** That Second Substitute Senate Bill No. 5468 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; M. Rasmussen and Williams.

**Minority Report:** Do not pass.

Signed by Senators Bluechel, Cantu and Erwin.

**Staff:** Jack Brummel (786-7428)

**Hearing Dates:** February 17, 1993; March 2, 1993; January 28, 1994; February 3, 1994

**HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING**

**BACKGROUND:**

Washington's economic development programs include various tax deferral plans and grant or loan programs to assist business development. Although these programs may include some conditions for eligibility, private businesses receiving assistance are not required to give advance notice of any business closure, to continue to honor collective bargaining agreements after relocating a facility, or to meet any specific employment standards for employees, except as required under relevant federal or state law.

**SUMMARY:**

The Department of Revenue and the Department of Community, Trade, and Economic Development will measure the effect of current tax deferral and credit programs and the development loan fund on businesses other than certified women and minority-owned businesses. The departments will determine whether recipients of benefits have met certain standards or complied with certain requirements. Businesses applying for a benefit, other than certified women and minority-owned businesses, will submit employment impact estimates and, after receiving the benefit, will submit employment impact statements. The Executive-Legislative Committee on Economic

Development Policy will review the department's findings and make recommendations to the Governor and the Legislature regarding the benefit programs.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

The following testimony refers to a previous draft of P2SSB 5468. Copies are available from committee staff at 786-7407.

**TESTIMONY FOR:**

This bill sets minimal standards for recipients of government benefits. Tax incentives and other benefits to businesses need to be matched by accountable behavior and a reasonable return on the state's investment. The environmental protections which this bill contain are important. Government needs to be accountable for its behavior.

**TESTIMONY AGAINST:**

This bill attempts to rewrite labor laws and would be impossible for businesses to comply with. Several of the provisions conflict with federal law.

**TESTIFIED:** Clif Finch, AWB (con); Robbie Stern, Jim Tussler, Al Link, State Labor Council (pro); Nakki Stevens, People for Puget Sound; Randy Power, Service Employees International Union; Judy Turpin, WA Environmental Council; Mary Clogston, WA Citizen Action

**HOUSE AMENDMENT(S):**

Businesses that receive tax credits or deferrals as high-technology businesses are included in the study. Women and minority-owned businesses are included in the study. The requirement that the departments study provisions related to collective bargaining, higher performing work organizations, and employee-ownership is removed. Review and comment requirements for business employment impact estimates are eliminated. Information on individual businesses is exempt from public disclosure. The department's report is allowed to be sent to legislative committees if the Executive-Legislative Committee on Economic Development is not created.