
HOUSE BILL 2854

State of Washington

54th Legislature

1996 Regular Session

By Representatives Conway, Patterson, Romero, Sheldon, Brown, Scheuerman, Dickerson, Chopp, Mason, Wolfe, Appelwick, Keiser, Cody, Veloria, Cole, Hatfield and Kessler

Read first time 01/23/96. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to private business entities receiving public
2 assistance; amending 1994 c 302 s 1 (uncodified); and adding a new
3 chapter to Title 43 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** 1994 c 302 s 1 (uncodified) is amended to read as follows:

6 The legislature finds that when public funds are used to support
7 private enterprise, the public may gain through the creation of new
8 jobs, the retention of existing jobs, the diversification of the
9 economy, or higher quality jobs for existing workers. The legislature
10 further finds that such returns on public investments are not automatic
11 and that tax-based incentives, in particular, may result in a greater
12 tax burden on businesses and individuals that are not eligible for the
13 public support. It is the purpose of this chapter to ensure that
14 public investment creates a net increase in jobs in the state or
15 assists in maintaining family-wage jobs and to collect information
16 sufficient to allow the legislature and the executive branch to make
17 informed decisions about the merits of ~~((existing))~~ tax-based
18 incentives and loan programs intended to encourage economic
19 development, job creation, and job retention in the state.

1 NEW SECTION. **Sec. 2.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

4 (1) "Assistance" means a grant, loan, bond, tax deferral, or tax
5 abatement program administered by the state or local government in
6 which the business receives assistance of more than twenty-five
7 thousand dollars.

8 (2) "Department" means the department of community, trade, and
9 economic development.

10 (3) "Director" means the director of the department of community,
11 trade, and economic development.

12 NEW SECTION. **Sec. 3.** (1) A private business that receives state
13 or local government assistance for economic development or job growth
14 purposes must create a net increase in jobs in this state within two
15 years of receiving the assistance, unless the business advisory
16 committee established under section 4 of this act, based on its
17 evaluation of objective information reviewed, determines that the net
18 job standard should be waived. The government agency providing
19 assistance to private business shall establish goals for wage and
20 benefit levels and job creation or retention that are to be met by the
21 business receiving the assistance. The department shall provide advice
22 and consultation for establishing these goals, with the assistance of
23 the committee created in section 4(3) of this act.

24 (2) A business that fails to meet the goals established pursuant to
25 subsection (1) of this section must repay the assistance to the
26 government agency.

27 (3) Each government agency providing assistance to a private
28 business shall report the goals for wage and benefit levels and job
29 creation or retention and the results for each project in achieving
30 those goals to the department. The department shall compile and
31 publish the results of the reports for the previous calendar year by
32 July 1st each year. The reports of the agencies to the department and
33 the compilation report of the department must be made available to the
34 appropriate committees of the legislature and the public. However, any
35 reports made public under this section must be reported in such a
36 manner as to not reveal any proprietary information that could be
37 detrimental to any individual business.

1 NEW SECTION. **Sec. 4.** (1) Beginning with the 1997-1999 biennium
2 and each biennium thereafter, the director shall analyze the effect of
3 all state and local government assistance to private business on the
4 aggregate number of jobs created or retained and wages and benefits
5 paid in those jobs. Following consultation with the business
6 assistance advisory committee, the director shall report the results of
7 the analysis to the appropriate committees of the legislature.

8 (2) Each newly enacted business-related tax expenditure legislation
9 must include measurable goals for wage and benefit levels and job
10 creation or retention and require a biennial review conducted by the
11 director for continuation of the enactment based upon meeting those
12 goals. Following consultation with the business assistance advisory
13 committee, the director shall report the results of the review to the
14 appropriate committees of the legislature.

15 (3)(a) By September 1, 1996, the business assistance advisory
16 committee shall be appointed to advise the department in establishing
17 goals for wage and benefit levels and job creation, to analyze the
18 benefit of state and local government assistance to private business on
19 the established goals, to monitor state economic policy impacts on the
20 economy, and to review drafts of the reports required under this
21 section. The business assistance advisory committee shall also examine
22 the use of further tax credits or abatements to meet these goals,
23 including credits or abatements that promote employee health care
24 coverage and family wage levels.

25 (b) The committee shall consist of eleven members appointed by the
26 governor, with the advice and consent of the senate. Three members of
27 the committee must represent labor, three members must represent
28 business, and five members must represent agencies with one member from
29 each of the following: The department of community, trade, and
30 economic development; the department of revenue; the work force
31 training and education coordinating board; the office of financial
32 management; and the labor market and economic analysis section of the
33 employment security department. The members representing labor must be
34 appointed from a list of names submitted to the governor by an
35 organization, state-wide in scope, that through its affiliates embraces
36 a cross section and a majority of the organized labor of the state.
37 The members representing business must be appointed from a list of
38 names submitted to the governor by a recognized state-wide organization
39 of employers. The labor and business members of the committee shall

1 serve for terms of four years, except that for initial appointments,
2 one labor representative and one business representative must be
3 appointed to a two-year term and one labor representative and one
4 business representative appointed to a three-year term.

5 NEW SECTION. **Sec. 5.** The director may adopt rules necessary to
6 implement this chapter.

7 NEW SECTION. **Sec. 6.** Sections 2 through 5 of this act shall
8 constitute a new chapter in Title 43 RCW.

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