
SUBSTITUTE SENATE BILL 6479

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Pelz, Heavey, Franklin, Smith, Quigley, Fraser, Thibaudeau, McAuliffe, Kohl and Goings)

Read first time 02/02/96.

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 diversification of the economy, or higher quality jobs for
9 existing workers. The legislature further finds that such returns on
10 public investments are not automatic and that tax-based incentives, in
11 particular, may result in a greater tax burden on businesses and
12 individuals that are not eligible for the public support. It is the
13 purpose of this chapter to ensure that public investment creates a net
14 increase in jobs in the state and to collect information sufficient to
15 allow the legislature and the executive branch to make informed
16 decisions about the merits of ((existing)) tax-based incentives and
17 loan programs intended to encourage economic development and job
18 creation 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 advisory committee
16 established in section 4(3) of this act finds that this requirement is
17 inconsistent with other economic development goals established for the
18 program providing the assistance. The government agency providing the
19 assistance shall establish goals for wage and benefit levels and job
20 creation or retention that are to be met by the business receiving the
21 assistance. The department shall provide advice and consultation for
22 establishing these goals, with the assistance of the committee created
23 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.

35 NEW SECTION. **Sec. 4.** (1) Beginning with the 1997-1999 biennium
36 and each biennium thereafter, the director shall analyze the effect of
37 all state and local government assistance to private business on the

1 aggregate number of jobs created or retained and wages and benefits
2 paid in those new jobs. Following consultation with the business
3 assistance advisory committee, the director shall report the results of
4 the analysis to the appropriate committees of the legislature.

5 (2) After the enactment of business-related tax expenditure
6 legislation, the department must establish measurable goals for wage
7 and benefit levels and job creation or retention. The director shall
8 biennially review the merits of continuing the new legislation based on
9 the meeting of the goals set. Following consultation with the business
10 assistance advisory committee, the director shall report the results of
11 the review to the appropriate committees of the legislature.

12 (3)(a) The business assistance advisory committee is established in
13 the department. Its members shall be appointed by September 1, 1996.
14 The role of the committee shall be to advise the department in
15 establishing goals for wage and benefit levels and job creation or
16 retention, to analyze the effect of state and local government
17 assistance to private business on the established goals, to monitor
18 state economic policy impacts on the economy, and to review drafts of
19 the reports required under this section.

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

1 NEW SECTION. **Sec. 5.** The director shall adopt rules necessary to
2 implement this chapter. The rules shall include a definition of
3 "receipt of assistance" which begins the time frame for the two-year
4 requirement of section 3 of this act after all necessary permits have
5 been obtained.

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

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