

FINAL BILL REPORT

ESHB 1341

C 314 L 91

Synopsis As Enacted

Brief Description: Providing economic assistance to timber dependent communities.

By House Committee on Trade & Economic Development
(originally sponsored by Representatives Sheldon, Hargrove, Jones, Inslee, Riley, Rayburn, P. Johnson, Bowman, Haugen, Paris, Brumsickle, Wynne, Beck, Fuhrman, Ferguson, Basich, Morton, Padden, Roland, Heavey, H. Myers, Peery, Ebersole, May, Lisk, Zellinsky, Nealey, Edmondson, Cooper, Betrozoff, Miller, Mitchell, Jacobsen, R. King, Wineberry, Franklin and R. Johnson).

House Committee on Trade & Economic Development
House Committee on Appropriations
Senate Committee on Commerce & Labor

Background: Timber harvest levels, particularly on federal lands, are expected to decrease significantly. This will adversely impact the State generally and timber communities specifically. There are two primary reasons for the reduced harvest level. The first is that the forest management plans, particularly the U.S. Forest Service Management Plans, recommend a significant decrease in harvest levels. Secondly, implementation of the Interagency Scientific Commission (ISC) report or other proposals to protect the habitat of the Spotted Owl, which has been declared a threatened species under the federal Endangered Species Act, will further reduce the harvest level in Washington State.

A log export ban on timber from state lands was passed by Congress in an attempt to reduce the jobs lost from timber supply reductions by mandating that state timber be processed domestically.

Impacts from the reduced timber supply will vary in different geographic areas in Washington. Proximity to an urban center, local economic development capacity, productivity of mills in the area, source of logs, proximity to a port, and public and social infrastructure are all factors affecting impact.

The estimated job losses resulting from the reduced harvest level vary significantly. The governor's office estimates the direct and indirect job losses at 20,000; the House

Timber Task Force estimates the job losses at 26,000. In addition to employment, the reductions in the timber harvest level will also impact timber-dependent communities, the timber industry, urban areas, and ports.

Timber-dependent communities benefit generally from state-wide economic development programs. In the 1989-91 biennium, the State will spend approximately \$93 million for economic development programs, excluding vocational education and job training. Approximately \$5.6 million of this is targeted specifically to assist timber-dependent communities.

The Community Economic Revitalization Board (CERB), created in 1982, provides loans or grants to counties, cities, and ports for economic development-related infrastructure. The loan or grant must be necessary to bring an identified business or development into the community.

The Public Works Trust Fund provides loans to counties and cities to improve existing public infrastructure.

Summary: Economic assistance is provided to timber communities and the timber industry by coordinating state economic development services in timber communities, by providing technical and other assistance to the timber industry, by increasing financing for economic development-related public infrastructure in timber communities, and by increasing exports from timber communities.

Coordination of economic development services in timber communities is to be done by an Economic Recovery Coordinating Board, an Agency Timber Task Force, and a Timber Recovery Coordinator.

The Economic Recovery Coordinating Board is established. The governor appoints one member per county from a list of three candidates provided by each local Associate Development Organization in consultation with the county legislative body. The board advises the Timber Recovery Coordinator and the Agency Timber Task Force, and develops a strategy for economic recovery in timber communities.

An Agency Timber Task Force is established. The task force is comprised of staff from several state agencies that are involved with timber-related issues.

A Timber Recovery Coordinator is created. The coordinator is appointed by the governor. The primary duties of the coordinator are to: (1) be the executive secretary for the Economic Recovery Coordinating Board; (2) be the chair of

the Agency Timber Task Force, and (3) be the coordinator of state assistance to timber communities.

The Department of Trade and Economic Development is to provide technical assistance and contracts to increase value-added production and the formation of business networks in the timber industry.

Increased financing for public infrastructure in timber communities is provided through changes to the Community Economic Revitalization Board, the Public Works Trust Fund, and the Development Loan Fund. A separate account is created under the Community Economic Revitalization Board to finance economic development-related infrastructure in timber communities without requiring that the loan or grant be tied to a specific business. The Public Works Trust Fund can be used for new public infrastructure in timber communities. Timber communities are added as a priority for the Development Loan Fund.

Efforts to increase exports from timber communities include establishing the Pacific Northwest Export Assistance Project and expanding existing state export programs. The Pacific Northwest Export Assistance Project is created to help businesses become exporters or expand existing exports. Half the businesses assisted by this project must be located in timber communities.

If additional funding is provided, the Washington Economic Development Finance Authority and the Small Business Export Finance Assistance Center are to provide additional export assistance in timber communities.

Other provisions to assist timber communities include: (1) a requirement that state agencies issuing permits necessary for economic development in timber communities must respond to the permit application within 45 days; and (2) authority for port districts with less than \$800 million in property value to incur an additional one-eighth of 1 percent debt without voter approval if a comprehensive plan and financing plan have been approved by the Department of Community Development.

The Institute for Public Policy shall evaluate the effectiveness of this act by November 1, 1993.

Votes on Final Passage:

House	97	0	
Senate	46	1	(Senate amended)
House			(House refused to concur)

Conference Committee

Senate 48 0
House 97 0

Effective: July 28, 1991
 May 21, 1991 (Section 20)