
ENGROSSED SUBSTITUTE HOUSE BILL 1731

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, R. King, Jones, Prentice and G. Cole)

Read first time 02/07/92.

1 AN ACT Relating to private business entities receiving public
2 assistance; adding a new chapter to Title 19 RCW; and providing an
3 effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that public
6 assistance in the form of loans, grants, bonds, tax deferrals, or tax
7 abatements, allowed to private business is a public service.
8 Therefore, the state and its political subdivisions should offer this
9 assistance only to those private businesses that are willing to be
10 subject to minimal rules of conduct.

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

1 (1) "Business" means a person, firm, partnership, corporation,
2 trust, association, or other form of private business organization
3 which employs one or more employees at a facility within this state.

4 (2) "Business assistance" includes any loan, grant, bond, tax
5 deferral, or tax abatement program administered by the state or its
6 political subdivisions.

7 (3) "Certified date of reduction in operations" means the actual or
8 anticipated date of any reduction in operations at a business facility
9 as determined by the department.

10 (4) "Department" means the employment security department.

11 (5) "Reduction in operations" means the total closure of a business
12 facility, any partial closure of a business facility, or any other
13 reduction in operations or relocation of a business facility that
14 results in the layoff of at least twenty-five employees at the facility
15 within a six month period prior to the certified date of reduction in
16 operations. "Reduction in operations" does not include reductions:

17 (a) Resulting solely from labor disputes as defined by the national
18 labor relations act;

19 (b) Occurring at construction sites;

20 (c) Resulting from seasonal factors, that are customary in the
21 industry of which the business is a part, as determined by the
22 department;

23 (d) Resulting from the lack of availability of natural resources
24 required for production at the business facility, as determined by the
25 department; or

26 (e) Resulting from fire, flood, war, or other acts of God.

27 NEW SECTION. **Sec. 3.** Each business that has received twenty-
28 five thousand dollars or more in business assistance shall agree to

1 accept the following rules of conduct prior to receiving further
2 assistance:

3 (1) A business reducing operations at a facility or relocating a
4 facility shall comply with the requirements of all federal and state
5 plant closure laws, regardless of whether the business is included
6 within the coverage of the plant closure law.

7 (2) A business purchasing or relocating a facility within the state
8 shall continue to recognize any employee organization, whether
9 international or local, that is a signatory to a collective bargaining
10 agreement in effect at the predecessor facility or at the relocating
11 facility at the time of relocation.

12 (3) A business selling or otherwise transferring a business shall
13 include in the contract of sale or similar instrument of conveyance a
14 statement that the successor business is bound by any collective
15 bargaining agreement to which the predecessor business is a signatory
16 at the time of transferring the business, until the expiration of the
17 agreement.

18 (4) The business may not permanently replace employees who legally
19 exercise the right to strike.

20 (5) The business shall maintain a neutral position with respect to
21 their employees' determination of collective bargaining representation.

22 (6) The business shall comply with all federal and state
23 requirements for affirmative action in hiring and promotion of its
24 employees, regardless of whether the business is included within the
25 coverage of the civil rights laws.

26 (7) A business totally closing or relocating a facility shall first
27 make good faith offers of sale at fair market values for the plant,
28 equipment, and inventory to the community in which the facility is
29 located and to agents who represent a majority of the employees of the
30 employer, who singly or in combination are seeking to form a community-

1 owned, employee-owned, or jointly owned business at the facility being
2 closed.

3 (8) The business shall employ no employees at wages less than the
4 state average annual wage, as calculated under RCW 50.04.355.

5 (9) The business shall provide basic health coverage for its
6 employees.

7 NEW SECTION. **Sec. 4.** Businesses receiving business assistance
8 under the terms of section 3 of this act who fail to comply with
9 section 3 of this act are subject to the following:

10 (1) The business assistance is rescinded and the entire amount of
11 the monetary assistance is immediately due and payable, together with
12 a ten percent penalty on the amount due and interest at twelve percent
13 per annum. Interest accrues from the date notice of the rescission is
14 received by the business.

15 (2) If the failure to comply occurs within ten years of receiving
16 authorization for industrial revenue bonds, the business that has
17 received industrial revenue bonds shall be penalized an amount equal to
18 the federal tax exemption received plus ten percent of the federal tax
19 exemption together with interest at twelve percent per annum.

20 NEW SECTION. **Sec. 5.** Any business that receives the benefits
21 of a state business assistance program who violates any provision of
22 this chapter is not eligible for any business assistance program for a
23 period of ten years following the date of violation as determined by
24 the department.

25 NEW SECTION. **Sec. 6.** (1) Businesses applying for business
26 assistance shall submit employment impact estimates to the department
27 specifying the number and types of jobs, with wage rates and benefits

1 for those jobs, that the business submitting the application expects to
2 be eliminated, created, or retained on the project site and on other
3 employment sites of the business in Washington as a result of the
4 project that is the subject of the application. The business applying
5 for business assistance shall submit the employment impact statement
6 for review and comment to employees who may be displaced, employee
7 organizations or state-wide organizations representing employees, the
8 local economic planning council, and other affected or interested
9 community organizations or associations.

10 (2) A business assistance contract entered into by a business shall
11 require the business to submit to the department a postemployment
12 impact statement stating the net number and types of jobs eliminated,
13 created, or retained, with the wage rates and benefits for those jobs,
14 on the project site and on other employment sites of the business in
15 Washington as a result of the project that is the subject of the
16 contract. The statement must be submitted within six months after the
17 project is completed or the business assistance for the project has
18 ceased, whichever occurs first.

19 (3) Agencies providing business assistance shall notify the
20 employment security department of the amount of assistance received by
21 a business and other information necessary to implement this chapter.
22 The department shall review all participating businesses for compliance
23 with this chapter, shall make any necessary administration
24 determinations, and shall assess and collect any penalties for
25 violations under the assessment and collection provisions of chapter
26 50.24 RCW. All penalties collected shall be paid into the state
27 general fund. The department shall report annually to the office of
28 financial management on these activities.

1 (4) Any business receiving a notice of violation under this chapter
2 may file an appeal in accordance with the provisions of chapter 50.32
3 RCW.

4 (5) The department shall adopt rules under chapter 34.05 RCW to
5 carry out the purposes of this chapter.

6 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act shall
7 constitute a new chapter in Title 19 RCW.

8 NEW SECTION. **Sec. 8.** This act shall take effect January 1,
9 1993.