

1 5468-S2.E AMH TEH H4446.1

2 **E2SSB 5468** - H COMM AMD **ADOPTED 3-3-94**

3 By Committee on Trade, Economic Development & Housing

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5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that when public
8 funds are used to support private enterprise, the public may gain
9 through the creation of new jobs, the diversification of the economy,
10 or higher quality jobs for existing workers. The legislature further
11 finds that such returns on public investments are not automatic and
12 that tax-based incentives, in particular, may result in a greater tax
13 burden on businesses and individuals that are not eligible for the
14 public support. It is the purpose of this chapter to collect
15 information sufficient to allow the legislature and the executive
16 branch to make informed decisions about the merits of existing tax-
17 based incentives and loan programs intended to encourage economic
18 development in the state.

19 NEW SECTION. **Sec. 2.** (1) The department of revenue and the
20 department of community, trade, and economic development shall gather
21 such base-line data as is necessary to measure the effect on businesses
22 of any of the following benefits: (a) A loan of one hundred thousand
23 dollars or more from the development loan fund; (b) fifty thousand
24 dollars or more in tax credits under chapter 82.62 RCW; or (c) a
25 deferral of one hundred thousand dollars or more in taxes under chapter
26 82.60 or 82.61 RCW. The departments shall measure the effect of the
27 programs on job creation, company growth, the introduction of new
28 products, the diversification of the state's economy, growth in
29 investments, the movement of firms or the consolidation of firms'
30 operation into the state, and such other factors as the departments
31 select.

32 (2) The departments shall also measure whether the businesses
33 receiving the benefits: (a) Have complied with federal and state
34 requirements for affirmative action in hiring and promotion of its
35 employees; (b) have provided an average wage that is above the average

1 wage paid by firms located in the same county that share the same two-
2 digit standard industrial code; (c) have provided basic health coverage
3 at a level at least equivalent to basic health coverage under chapter
4 70.47 RCW; (d) have complied with all applicable federal and state
5 environmental laws and regulations; (e) have complied with the
6 requirements of all federal and state plant closure laws if reducing
7 operations at a facility or relocating a facility; (f) have continued
8 to recognize, if purchasing or relocating a facility within the state,
9 any employee organization, whether international or local, that is a
10 signatory to a collective bargaining agreement; (g) have, if totally
11 closing or relocating a facility, made good faith offers of sale at
12 fair market values for the plant equipment, and inventory to the agents
13 who represent a majority of the employees of the employer, who are
14 seeking to form an employee-owned or, in combination with others, a
15 jointly owned business at the facility being closed or relocated; and
16 (h) meet any five of the following criteria for being a higher
17 performing work organization:

18 (i) Demonstrates a commitment to continuous improvement of products
19 and services and cost reductions for such products and services;

20 (ii) Encourages decentralized decision making, worker participation
21 at all levels, and greater reliance on front line workers;

22 (iii) Has developed a worker-management relationship based on
23 consideration of mutual interest and concerns;

24 (iv) Has adopted an organizational structure which includes
25 flexible, cross-functional teams responsible for training, customer
26 service, operational problem solving, and product design and
27 development;

28 (v) Has cultivated an environment which permits a manager to assume
29 motivational and leadership functions, including, but not limited to,
30 long-range planning, coaching, and facilitation, rather than limiting
31 the role of the manager to that of an enforcer;

32 (vi) Demonstrates a commitment to ongoing training of all workers,
33 including front-line staff;

34 (vii) Has implemented a flexible benefits program and innovative
35 compensation schemes, including, but not limited to, profit-sharing,
36 gain-sharing, skill-based pay, and pay-for-performance systems;

37 (viii) Demonstrates a commitment to a safe and healthful workplace;

38 (ix) Solicits suggestions from customers and suppliers for
39 designing and developing products and services; and

1 (x) Demonstrates a commitment to delivering a greater variety of
2 high quality products at lower cost through manufacturing innovations
3 such as concurrent engineering, flexible manufacturing, and just-in-
4 time production.

5 (3) Businesses applying for one of the benefits specified in
6 subsection (1) of this section shall submit employment impact estimates
7 to the departments specifying the number and types of jobs, with wage
8 rates and benefits for those jobs, that the business submitting the
9 application expects to be eliminated, created, or retained on the
10 project site and on other employment sites of the business in
11 Washington as a result of the project that is the subject of the
12 application. The departments shall make the employment impact
13 estimates available for review and comment by employees who may be
14 displaced, employee organizations or state-wide organizations
15 representing employees, the local economic development council or
16 associate development organization, and other affected or interested
17 community organizations or associations.

18 (4) The departments shall specify that upon a certain date or
19 dates, the businesses which receive one of the benefits specified in
20 subsection (1) of this section shall submit to the department an
21 employment impact statement stating the net number and types of jobs
22 eliminated, created, or retained, with the wage rates and benefits for
23 those jobs, by the business in Washington as a result of the benefit
24 received.

25 (5) The departments shall report their findings to the executive-
26 legislative committee on economic development policy by September 1,
27 1995.

28 (6) The executive-legislative committee on economic development
29 policy shall evaluate the departments' report and make recommendations
30 to the governor and the legislature on the continuation of the benefit
31 programs and any conditions under which they should operate if they are
32 to continue.

33 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act shall
34 constitute a new chapter in Title 43 RCW.

35 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
36 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect March 1, 1994."

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