
HOUSE BILL 1565

State of Washington 53rd Legislature 1993 Regular Session

By Representatives Conway, Heavey, G. Cole and King

Read first time 02/01/93. Referred to Committee on Commerce & Labor.

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

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

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

4 (3) "Certified date of reduction in operations" means the actual or
5 anticipated date of any reduction in operations at a business facility
6 as determined by the director.

7 (4) "Director" means the director of financial management.

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

14 (a) Resulting solely from labor disputes as defined in RCW
15 49.32.110(3);

16 (b) Occurring at construction sites;

17 (c) Resulting from seasonal factors, that are customary in the
18 industry of which the business is a part, as determined by the
19 director;

20 (d) Resulting from the lack of availability of natural resources
21 required for production at the business facility, as determined by the
22 director; or

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

24 NEW SECTION. **Sec. 3.** Each business that has received twenty-five
25 thousand dollars or more in business assistance shall agree to accept
26 the following rules of conduct prior to receiving further assistance:

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

31 (2) A business purchasing or relocating a facility within the state
32 shall continue to recognize any employee organization, whether
33 international or local, that is a signatory to a collective bargaining
34 agreement in effect at the predecessor facility or at the relocating
35 facility at the time of relocation.

36 (3) A business selling or otherwise transferring a business shall
37 include in the contract of sale or similar instrument of conveyance a
38 statement that the successor business is bound by any collective

1 bargaining agreement to which the predecessor business is a signatory
2 at the time of transferring the business, until the expiration of the
3 agreement.

4 (4) The business shall not permanently replace employees who
5 legally exercise the right to strike.

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

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

12 (7) A business totally closing or relocating a facility shall first
13 make good faith offers of sale at fair market values for the plant,
14 equipment, and inventory to the community in which the facility is
15 located and to agents who represent a majority of the employees of the
16 employer, who singly or in combination are seeking to form a community-
17 owned, employee-owned, or jointly owned business at the facility being
18 closed.

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

21 (9) The business shall provide basic health coverage for its
22 employees.

23 (10) The business shall comply with all applicable federal and
24 state environmental laws and regulations.

25 NEW SECTION. **Sec. 4.** Businesses receiving business assistance
26 under the terms of section 3 of this act who fail to comply with the
27 rules of conduct specified in section 3 of this act are subject to the
28 following:

29 (1) The business assistance is rescinded and the entire amount of
30 the monetary assistance is immediately due and payable, together with
31 a ten percent penalty on the amount due and interest at twelve percent
32 per annum. Interest accrues from the date notice of the rescission is
33 received by the business.

34 (2) If the failure to comply occurs within ten years of receiving
35 authorization for industrial revenue bonds, the business that has
36 received industrial revenue bonds shall be penalized an amount equal to
37 the federal tax exemption received plus ten percent of the federal tax
38 exemption together with interest at twelve percent per annum. Interest

1 accrues from the date notice of the failure to comply is received by
2 the business.

3 NEW SECTION. **Sec. 5.** Any business that receives the benefits of
4 a state business assistance program who violates any provision of this
5 chapter is not eligible for any business assistance program for a
6 period of ten years following the date of violation as determined by
7 the director.

8 NEW SECTION. **Sec. 6.** (1) Businesses applying for business
9 assistance shall submit employment impact estimates to the office of
10 financial management specifying the number and types of jobs, with wage
11 rates and benefits for those jobs, that the business submitting the
12 application expects to be eliminated, created, or retained on the
13 project site and on other employment sites of the business in
14 Washington as a result of the project that is the subject of the
15 application. The business applying for business assistance shall
16 submit the employment impact statement for review and comment to
17 employees who may be displaced, employee organizations or state-wide
18 organizations representing employees, the local economic planning
19 council, and other affected or interested community organizations or
20 associations.

21 (2) A business assistance contract entered into by a business shall
22 require the business to submit to the office of financial management a
23 postemployment impact statement stating the net number and types of
24 jobs eliminated, created, or retained, with the wage rates and benefits
25 for those jobs, on the project site and on other employment sites of
26 the business in Washington as a result of the project that is the
27 subject of the contract. The statement must be submitted within six
28 months after the project is completed or the business assistance for
29 the project has ceased, whichever occurs first.

30 (3) Agencies providing business assistance shall notify the office
31 of financial management of the amount of assistance received by a
32 business and other information necessary to implement this chapter.
33 The office shall review all participating businesses for compliance
34 with this chapter, shall make any necessary administration
35 determinations, and shall assess and collect any penalties for
36 violations under the hearing and review requirements of chapter 34.05
37 RCW. Except as otherwise provided under subsection (4) of this

1 section, penalties collected shall be paid into the state general fund.
2 The office shall report annually to the governor and the appropriate
3 legislative committees on these activities.

4 (4) Penalties imposed for violations of section 3(10) of this act
5 shall be paid into the natural resource restoration account created in
6 section 7 of this act.

7 (5) The director shall adopt rules under chapter 34.05 RCW to carry
8 out the purposes of this chapter.

9 NEW SECTION. **Sec. 7.** The natural resource restoration account is
10 created in the custody of the state treasurer. The office of financial
11 management shall deposit in the account all moneys collected under this
12 chapter for violations of section 3(10) of this act. Expenditures from
13 the account may be used only for natural resource restoration or
14 environmental enhancement in the communities in which a business that
15 has paid a penalty under section 3(10) of this act is located, for
16 specific purposes and programs determined in consultation with
17 representatives of the affected communities, employee organizations or
18 state-wide organizations representing employees, the local economic
19 planning council, and other affected or interested community
20 organizations. Only the director of the department of ecology or the
21 director's designee may authorize expenditures from the account. The
22 account is subject to the allotment procedure provided under chapter
23 43.88 RCW, but no appropriation is required for expenditures.

24 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act shall
25 constitute a new chapter in Title 19 RCW.

26 NEW SECTION. **Sec. 9.** This act shall take effect January 1, 1994.

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