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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5468

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State of Washington

53rd Legislature

1994 Regular Session

By Senate Committee on Trade, Technology & Economic Development  
(originally sponsored by Senators Fraser, Skratek, Pelz and Prentice)

Read first time 02/04/94.

1 AN ACT Relating to private business entities receiving public  
2 assistance; adding a new chapter to Title 43 RCW; providing an  
3 effective date; and declaring an emergency.

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

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

17 NEW SECTION. **Sec. 2.** (1) The department of revenue and the  
18 department of community, trade, and economic development shall gather

1 such base-line data as is necessary to measure the effect on businesses  
2 other than businesses certified as minority or women-owned and  
3 controlled businesses pursuant to chapter 39.19 RCW of any of the  
4 following benefits: (a) A loan of one hundred thousand dollars or more  
5 from the development loan fund; (b) fifty thousand dollars or more in  
6 tax credits under chapter 82.62 RCW; or (c) a deferral of one hundred  
7 thousand dollars or more in taxes under chapter 82.60 or 82.61 RCW.  
8 The departments shall measure the effect of the programs on job  
9 creation, company growth, the introduction of new products, the  
10 diversification of the state's economy, growth in investments, the  
11 movement of firms or the consolidation of firms' operation into the  
12 state, and such other factors as the departments select.

13 (2) The departments shall also measure whether the businesses  
14 receiving the benefits: (a) Have complied with federal and state  
15 requirements for affirmative action in hiring and promotion of its  
16 employees; (b) have provided an average wage that is above the average  
17 wage paid by firms located in the same county that share the same two-  
18 digit standard industrial code; (c) have provided basic health coverage  
19 at a level at least equivalent to basic health coverage under chapter  
20 70.47 RCW; (d) have complied with all applicable federal and state  
21 environmental laws and regulations; (e) have complied with the  
22 requirements of all federal and state plant closure laws if reducing  
23 operations at a facility or relocating a facility; (f) have continued  
24 to recognize, if purchasing or relocating a facility within the state,  
25 any employee organization, whether international or local, that is a  
26 signatory to a collective bargaining agreement; (g) have, if totally  
27 closing or relocating a facility, made good faith offers of sale at  
28 fair market values for the plant equipment, and inventory to the agents  
29 who represent a majority of the employees of the employer, who are  
30 seeking to form an employee-owned or, in combination with others, a  
31 jointly owned business at the facility being closed or relocated; and  
32 (h) meet any five of the following criteria for being a higher  
33 performing work organization:

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

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

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

1 (iv) Has adopted an organizational structure which includes  
2 flexible, cross-functional teams responsible for training, customer  
3 service, operational problem solving, and product design and  
4 development;

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

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

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

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

15 (ix) Solicits suggestions from customers and suppliers for  
16 designing and developing products and services; and

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

21 (3) Businesses other than businesses certified or eligible to be  
22 certified as minority or women-owned and controlled businesses pursuant  
23 to chapter 39.19 RCW applying for one of the benefits specified in  
24 subsection (1) of this section shall submit employment impact estimates  
25 to the departments specifying the number and types of jobs, with wage  
26 rates and benefits for those jobs, that the business submitting the  
27 application expects to be eliminated, created, or retained on the  
28 project site and on other employment sites of the business in  
29 Washington as a result of the project that is the subject of the  
30 application. The departments shall make the employment impact  
31 estimates available for review and comment by employees who may be  
32 displaced, employee organizations or state-wide organizations  
33 representing employees, the local economic development council or  
34 associate development organization, and other affected or interested  
35 community organizations or associations.

36 (4) The departments shall specify that upon a certain date or  
37 dates, the businesses, not including businesses certified or eligible  
38 to be certified as minority or women-owned and controlled businesses  
39 pursuant to chapter 39.19 RCW, which receive one of the benefits

1 specified in subsection (1) of this section shall submit to the  
2 department an employment impact statement stating the net number and  
3 types of jobs eliminated, created, or retained, with the wage rates and  
4 benefits for those jobs, by the business in Washington as a result of  
5 the benefit received.

6 (5) The departments shall report their findings to the executive-  
7 legislative committee on economic development policy by September 1,  
8 1995.

9 (6) The executive-legislative committee on economic development  
10 policy shall evaluate the departments' report and make recommendations  
11 to the governor and the legislature on the continuation of the benefit  
12 programs and any conditions under which they should operate if they are  
13 to continue.

14 (7) This section does not apply to any business certified or  
15 eligible to be certified as a minority or women-owned and controlled  
16 business pursuant to chapter 39.19 RCW.

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

19 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
20 preservation of the public peace, health, or safety, or support of the  
21 state government and its existing public institutions, and shall take  
22 effect March 1, 1994.

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