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SENATE BILL 6541

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State of Washington

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2000 Regular Session

By Senators Kline, Costa, Heavey, Loveland, Gardner, Hochstatter and Winsley

Read first time 01/19/2000. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to subsidy disclosure; adding new sections to  
2 chapter 42.17 RCW; creating a new section; and prescribing penalties.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply  
5 throughout this act unless the context clearly requires otherwise.

6 (1) "Benefit date" means the date that the recipient receives the  
7 business subsidy. If the business subsidy involves the purchase,  
8 lease, or donation of physical equipment, then the benefit date begins  
9 when the recipient puts the equipment into service. If the business  
10 subsidy is for improvements to property, then the benefit date refers  
11 to the earliest date of either:

12 (a) When the improvements are finished for the entire project; or

13 (b) When a business occupies the property. If a business occupies  
14 the property and the subsidy grantor expects that other businesses will  
15 also occupy the same property, the grantor may assign a separate  
16 benefit date for each business when it first occupies the property.

17 (2) "Business subsidy" or "subsidy" means a state or local  
18 government agency grant, contribution of personal property, real  
19 property, infrastructure, the principal amount of a loan at rates below

1 those commercially available to the recipient, any reduction or  
2 deferral of any tax or any fee, and guarantee of any payment under any  
3 loan, lease, or other obligation, or any preferential use of government  
4 facilities given to a business.

5 The following forms of financial assistance are not business  
6 subsidies:

7 (a) A grant of less than twenty-five thousand dollars; and

8 (b) Tax reductions resulting from conformity with federal tax law.

9 (3) "Grantor" means any state or local government agency with the  
10 authority to grant a business subsidy.

11 (4) "Local government agency" includes a statutory or home rule  
12 charter city, housing and redevelopment authority, town, county, port  
13 authority, economic development authority, community development  
14 agency, nonprofit entity created by a local government agency, or any  
15 other entity created by or authorized by a local government with  
16 authority to provide business subsidies.

17 (5) "Recipient" means any for-profit or nonprofit business entity  
18 that receives a business subsidy. Only nonprofit entities with at  
19 least one hundred full-time equivalent positions and a ratio of highest  
20 to lowest paid employees that exceeds ten to one, determined on the  
21 basis of full-time equivalent positions, are included in this  
22 definition.

23 (6) "State government agency" means any state agency that has the  
24 authority to award business subsidies.

25 NEW SECTION. **Sec. 2.** (1) A recipient must provide information to  
26 grantors. The information must be filed on forms developed by the  
27 department of community, trade, and economic development in cooperation  
28 with representatives of local government. Copies of the completed  
29 forms must be sent to the department of community, trade, and economic  
30 development and the local government agency that provided the business  
31 subsidy. The report must include:

32 (a) The type, public purpose, and amount of all subsidies, and type  
33 of district if the subsidy is tax increment financing.

34 (b) The hourly wage of each job created with separate bands of  
35 wages;

36 (c) Whether the jobs are full time or part time;

37 (d) The recipient's standard industrial code;

1 (e) The sum of the hourly wages and cost of health insurance  
2 provided by the employer with separate bands of wages;

3 (f) The location of the recipient prior to receiving the business  
4 subsidy;

5 (g) The name and address of the parent corporation of the  
6 recipient, if any;

7 (h) A list of all financial assistance by all grantors for the  
8 project including name of grantor, amount of assistance, how long  
9 assistance was received, and what the assistance was used for; and

10 (i) Other information the department of community, trade, and  
11 economic development may request.

12 (2) A report under subsection (1) of this section must be filed by  
13 March 1st of each year for the previous calendar year.

14 (3) If the recipient does not submit its report, the local  
15 government agency must mail the recipient a warning within one week of  
16 the required filing date. If, after fourteen days of the postmarked  
17 date of the warning, the recipient fails to provide a report, the  
18 recipient must pay to the grantor a penalty of five hundred dollars for  
19 each subsequent day until the report is filed. The maximum penalty may  
20 not exceed fifty thousand dollars. If the recipient does not submit  
21 its report by June 1st, it shall be ineligible for subsidies until the  
22 report has been satisfactorily completed and submitted.

23 NEW SECTION. **Sec. 3.** (1) Local government agencies and state  
24 government agencies, regardless of whether or not they have awarded any  
25 business subsidies, must file a report by April 1st of each year with  
26 the department of community, trade, and economic development. The  
27 local government agency must include a list of recipients that did not  
28 complete the report required under section 2 of this act, recipients  
29 that have not met their job and wage goals within two years, and the  
30 steps being taken to bring them into compliance or to recoup the  
31 subsidy.

32 (2) If the department of community, trade, and economic development  
33 has not received the report under subsection (1) of this section by  
34 April 1st from an entity required to report, the department of  
35 community, trade, and economic development shall issue a warning to the  
36 government agency. If the department of community, trade, and economic  
37 development has still not received the report by June 1st of that same

1 year from an entity required to report, then that government agency may  
2 not award any business subsidies until the report has been filed.

3 (3) The department of community, trade, and economic development  
4 must provide information on reporting requirements to state and local  
5 government agencies.

6 NEW SECTION. **Sec. 4.** (1) The department of community, trade, and  
7 economic development must publish a compilation and summary of the  
8 results of the reports for the previous calendar year by July 1st of  
9 each year. The reports of the government agencies to the department of  
10 community, trade, and economic development and the compilation and  
11 summary report of the department of community, trade, and economic  
12 development must be made available to the public.

13 (2) The department of community, trade, and economic development  
14 must coordinate the production of reports so that useful comparisons  
15 across time periods and across grantors can be made. The department of  
16 community, trade, and economic development may add other information to  
17 the report as the department of community, trade, and economic  
18 development deems necessary to evaluate business subsidies. Among the  
19 information in the summary and compilation report, the department of  
20 community, trade, and economic development must include:

21 (a) Total amount of subsidies awarded in each development region of  
22 the state;

23 (b) Distribution of business subsidy amounts by size of the  
24 business subsidy;

25 (c) Distribution of business subsidy amounts by time category, such  
26 as monthly or quarterly;

27 (d) Distribution of subsidies by type and by public purpose;

28 (e) Number of part-time and full-time jobs within separate bands of  
29 wages; and

30 (f) Benefits paid within separate bands of wages.

31 NEW SECTION. **Sec. 5.** An appropriation rider in an appropriation  
32 to the department of community, trade, and economic development that  
33 specifies that the appropriation be granted to a particular business or  
34 class of businesses must contain a statement of the expected benefits  
35 associated with the grant. At a minimum, the statement must include  
36 goals for the number of jobs created, wages paid, and the tax revenue  
37 increases due to the grant.

1        NEW SECTION.   **Sec. 6.**   Sections 1 through 5 of this act are each  
2 added to chapter 42.17 RCW.

3        NEW SECTION.   **Sec. 7.**   This act applies to all business subsidies  
4 entered into or state appropriations authorized after September 30,  
5 2000.

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